

A USEFUL LOOK AHEAD FROM WASHINGTON

MARCH 1975

# Nation's Business



*Labor's  
Jerry Wurf:*

**CAN HE  
SHUT  
DOWN  
YOUR  
TOWN?**

**The van that's worked**

# **Dodge Tradesman.**





# its way to the top.\*

## And here are 22 hardworking reasons why it'll stay there.

**1. Smaller 6 and V8 engines.**  
Dodge is very big on a couple of small engines. The 225-cubic-inch Slant Six. And the 318-cubic-inch V8. Both have plenty of power and make it on very little gas. (And they're smaller than any engine Ford or Chevy's got.)

**2. Great fuel economy.**  
Tradesman's gas-sipping Slant Six will give you a real run for your money. In recent EPA tests, it went farther on a gallon than any other van. In stop-and-go city driving or out on the open road, you can count on Tradesman to go easy on the gas.

**3. Big standard fuel tank.**  
Dodge gives you a standard gas tank that holds 23 gallons. (Chevy's tank holds only 21.) If you really want to fill 'er up, you can opt for our big 36-gallon tank.

**4. Easier side loading.**  
Tradesman lets you take in business on the side with a standard side door that's a big 49 1/4 inches wide. (Bigger than either Ford's or Chevy's.) And because our passenger seat's in an out of the way place, there's plenty of room to load cargo, too.

**5. Lighter curb weights for payload.** Dodge Tradesman weighs less and can carry more than either Ford or Chevy. On comparable models, it weighs 524 pounds less than Ford and 140 less than Chevy. With Dodge Tradesman, you go in weighing less, so you can come out carrying more. It's as simple as that.

**6. Better maneuverability.**  
Tradesman's easy handling and compact size let it literally run rings inside Ford and Chevy. Curb to curb, its turning diameter is over three feet shorter than either of them. So, you can U-turn a Tradesman without a lot of backing and filling.

**7. B300 short wheelbase.**  
With a Tradesman B300 (short 109-inch wheelbase), you can jockey up to a ton of stuff into tight areas that a van with a longer wheelbase couldn't get into. So you can take care of all the little ins and outs that a Ford (138-inch) can't.

**8. In-cab hood release.**  
It keeps strangers from poking around in your engine. Once you've locked your doors, you've locked your hood, too. (And it's an option that only Dodge has.)

**9. Biggest van in the business.**  
With 18 extra inches of overall length, the Dodge Maxivan is the biggest van on the road. You can count on Maxivan to handle all the big stuff that other vans can't even close their doors on.



**10. Smaller standard tires.**  
Because Tradesman weighs less than any other van, it can go on smaller tires, too. (Tires that could save you up to 40 bucks at replacement time.)

**11. Wide choice of engines.**  
With Tradesman, you've got three engines to choose from on every model. There's a thrifty 225 Slant Six (plenty of power but economical, too). A 318 V8. Plus the muscle of a 360 V8.

**12. Automatic speed control.**  
Tradesman's optional automatic speed control makes it easy to take it easy. Cruising at a constant speed not only saves on gas, it saves on the driver, too. (Available on both Dodge V8's, but only on Ford's biggest V8.)

**13. Single rear door.**  
Tradesman's optional single rear door has a big panoramic rear window. No one else has it. (Standard are two swing-out doors.) What about getting in and out on the side? You can go with our swing-out doors. Or you can opt for one that slides.



**14. Air conditioning.**  
More than likely, a lot of long hard days are also going to be long hot days. So, you can opt for air conditioning on every Tradesman model. (But not on every Ford.)

**15. Proven Electronic Ignition.**  
When it comes to Electronic Ignition, Dodge was off to a fast start years ago. Today, we've got the kind of proven performance you know you can count on for surer starts and fewer tune-ups.



**16. Glove box.**  
Dodge gives you a car-style glove box (with an optional door) in the instrument panel. In Ford and Chevy, the glove box is only a bin in the engine cover.

**17. Auxiliary rear heater.**  
Dodge offers an auxiliary rear compartment heater on every



Tradesman model. (Chevy doesn't have one at all. And Ford's 124-inch WB doesn't have one either.) So with Tradesman, working in back is a lot nicer in cold weather.

**18. Largest selling van chassis.**  
Look underneath most mini motor homes and you'll find a Dodge van chassis. (It supports more families than anyone else in America.) And it comes with great features such as "Thumpless" tires, a choice of either 127- or 145-inch wheelbase, and a maximum GVW of 10,500 pounds.

**19. Larger parking brake linings.**  
Dodge has beefed up its parking brake linings (they're bigger than Ford's). Because the bigger they are, the longer they'll last. Which means less money to shell out for replacements.

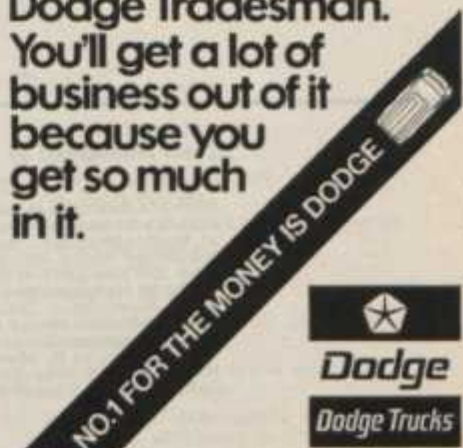
**20. Easier front wheel alignment.**  
Dodge's independent front suspension gets the bumps before they get you. But sooner or later, the bumps get to any suspension. On a Dodge, realignment's an easy matter. Not so on a Ford. Their suspension can't be realigned on anything but special (and sometimes hard-to-find) truck alignment equipment.



**21. Lower overall vehicle height and shorter length—garageability.** Tradesman is more compact than Chevy, and up to a foot shorter than Ford. And that can mean a lot when you're short on space. Especially if you've got more than one van.

**22. Standard two-stage front door check.** Dodge has put a stop to slamming doors. In two positions. If you're in a hurry, check the door half-way. If you're lugging a load, Tradesman's doors will open wide. And stay there.

**Dodge Tradesman.**  
You'll get a lot of business out of it because you get so much in it.



\*Based on R. L. Polk's 1974 model year retail registrations for Tradesman vans and van chassis.



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*Cover photograph by George James*

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## MEMO FROM THE EDITOR

Nation's Business • Published by the Chamber of Commerce of the United States • 1615 H Street N.W., Washington, D.C. 20062

You'll find a good many articles in this issue directly reflecting our goal of providing you "a useful look ahead."

Our cover article, starting on page 38, is perhaps an ominous look ahead. Jerry Wurf, who heads a labor union of state, county and municipal workers, may indeed be able to shut down your town.

One of his goals, which businessmen would oppose, is to legalize strikes by government employees all around the country. Cities that have already had strikes by policemen, fire fighters and garbage men know the damage they can do—not only to individuals but to businesses.

Mr. Wurf is also talking of bargaining in several places at once. That means these devastating strikes could happen simultaneously in several cities and towns.

• • •

In a hopeful look ahead, the article starting on page 28 notes that there's a push in Washington for a serious study of how regulations inflate business costs. President Ford believes that useless or harmful regulation adds to consumer prices and should be curtailed. I guess we'd all agree to that.

• • •

Less hopeful is the prospect of another debate on government-guaranteed income for everyone (page 64).

President Ford's proposed rebate to those who don't pay taxes could give the old idea a new foot in the door even though it's not intended that way. The President has warned Congress against any new spending programs in the new fiscal year, but there are many in Congress who lean toward more welfare-type payments.

• • •

A fascinating look ahead comes from Edward N. Cole, retired president of General Motors, in the only exclusive interview he has granted since leaving the big automaker.



Edward N. Cole

We think you'll find some of his forecasts in the interview, beginning on page 34, intriguing. For example, he reveals that it may be possible to run automobiles on ammonia. He also discloses that General Motors has experimented with a technique other than the assembly line to raise the morale of its workers. Unfortunately, he says, that doesn't seem to be economical.

• • •

Next month, this column will have a new signature. I'm being promoted to other duties with the National Chamber, and the new Editor will be Kenneth W. Medley.

I'm sure you'll find Ken's work enjoyable, and useful to you.

*Jack Woodbridge*



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## EXECUTIVE TRENDS

BY JOHN COSTELLO  
Associate Editor

### Keeping his nose to the grindstone

That's the new approach to executive training.

Not the leisurely, weeklong sabbatical from the office, slowly soaking up knowledge at a plush conference center.

Instead, a quickie cram-course there, over the weekend.

"Companies are under pressure to control costs," says Loren Carlson, vice president of marketing, Harrison Executive Conference Centers, New York, N.Y., "and still increase productivity."

"So instead of scrubbing training sessions, they schedule them for weekends."

Some others, like Tarrytown Conference Center, Tarrytown, N.Y., note a like trend.

But it's nothing new for Continental Grain Co.

"We've been holding most of our conferences on weekends for years," says Lloyd H. Thorner, manager of employment and development, North American grain division.

"It's simply impossible to remove key people from their job assignments during the week. Otherwise, it would be very unfair to ask them to work a weekend. That's like working 12 days in a row."

Sorry to bring it up.

### The font of inspiration

Nice to know it's not running dry. That's not guesswork. The U.S. Patent and Trademark Office vouches for the fact.

Last year, examiners there found 79,878 devices submitted to them were patentable. That's 12,000 more than the year before.

Who's coming up with these bright ideas?

Mostly business firms.

The news may come as a shock to many Americans. Polls show millions think of the businessman as a chowderhead whose mind's buried in the cash drawer.

In the past four years, 77 per cent of the patents granted went to corporations—or other organizations. Here are some industry leaders:

	No. of Patents
<b>Chemical</b>	
E.I. Du Pont de Nemours & Co.	3,048
Dow Chemical Co.	2,202
Monsanto Co.	1,958
<b>Petroleum</b>	
Phillips Petroleum Co.	1,999
Shell Oil Co.	1,425
Exxon Research and Engineering Co.	1,250
<b>Electrical and Electronic</b>	
General Electric Co.	5,255
Westinghouse Electric Corp.	2,893
U.S. Philips Corp.	1,815
<b>Communications Equipment</b>	
Bell Telephone Laboratories	3,094
RCA Corp.	1,814
Motorola, Inc.	987
<b>Computer and Office Equipment</b>	
IBM	3,259
Honeywell, Inc.	1,161
Sperry Rand Corp.	1,079

Statistics come from the Patent Office's "Technology Assessment and Forecast, January, 1975."

Of course, the Edisons, Bells, and McCormicks aren't extinct either.

Almost one fourth of all patents went to individuals.

So don't junk that perpetual motion machine you've been working on in the basement.

It may make it yet.

### Cutting your postage tab

"We saved \$6,000 a year," one graduate boasts.

"That ain't hay."

"It's about 10 per cent of our annual postage costs."

Jim DeLanoy, mail supervisor, National Consumer Finance Association.





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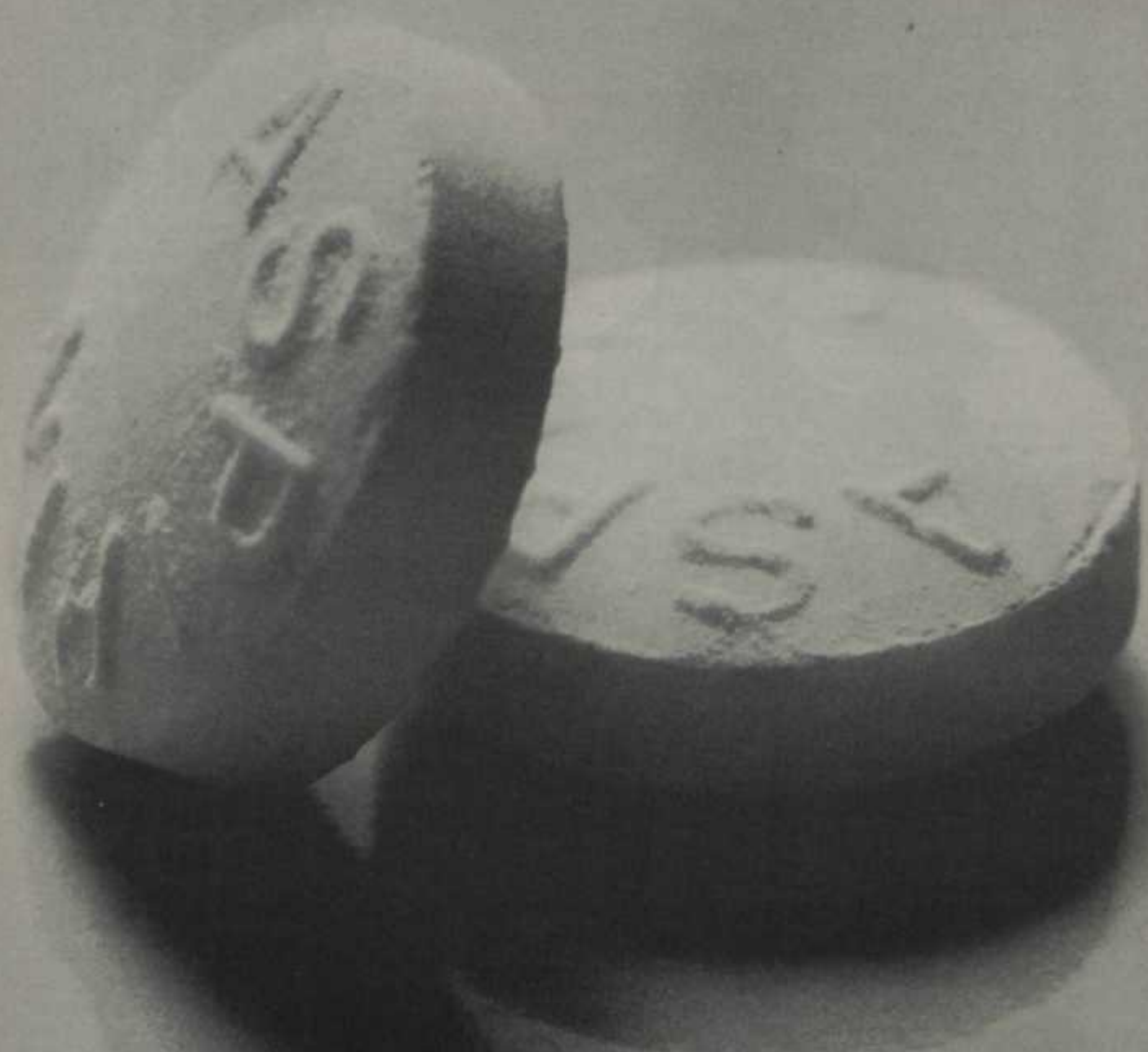
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tion, learned how at a rather specialized school. It's the Pitney Bowes Postal Education Center, Bethesda, Md.

Here are some of the cost-cutting tips it teaches:

- Check your postal scale often. A quick way: Put five quarters on it. They should weigh just under an ounce.

- Don't overwrap. Every foot of paper tape weighs about an eighth of an ounce.

Used lavishly, it can jack up the stamp bill.

- If you're mailing no more than three sheets of paper, avoid the nine-by-12-inch envelope. It'll cost you an extra stamp.

Fold the sheets, and use a No. 10 business envelope.

"But the real key to savings," says Samuel J. Paul Jr., manager of the center, "is a well-organized mail room."

"One big auto maker found it spent 42 cents to process mail for every 58 cents it spent on stamps. In smaller companies, handling usually costs about 16.8 cents a letter."

More than 300 "satisfied students," he says, have taken the two-day course.

They came from some 250 companies—including giants like AT&T, GE, IBM and RCA.

Moral: A penny saved is a penny earned.

## What Uncle Sam can do for you

Not much, says author Simon L. Miller Jr.

"The only way a government can provide anything to anybody," he writes in "Once Upon a Time" (\$3.95, Carlton Press, Inc., New York, N.Y.), "is if they first take it away from somebody else."

"The government is capable of providing nothing but control."

"That is its only purpose."

What is done in Washington reminds him of a story:

A nephew went to visit his uncle in the hospital.

The patient had been in a bad way. He was wired up with all the latest medical gadgets.

Tubes fed him intravenously. Sensors took his pulse and temperature. And the spark of life was kept alive by a constant flow of oxygen to his lungs.

However, his nephew was glad to hear from the physicians that he would live.

But as the nephew approached the patient's bed, he noted a look of frantic anxiety on his uncle's face. The old man tried to whisper a message.

But his voice was too weak to be heard.

Alarmed, the nephew leaned over and put his ear to the uncle's lips. With what seemed to be his last breath, the uncle gasped hoarsely: "Get your foot off my oxygen hose!"

Turning to Washington for cradle-to-grave security, says the author, has the same effect:

Stifling.

## Getting away from it all

We mean far, far away. Not Miami, Lake Arrowhead or Atlantic City.

For jaded travelers who've been there, Mountain Travel, Inc., offers more exotic fare. Like the Hoggar Mountains of Algeria or Pakistan's Valley of Swat.

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Take the 17-day tour of the Blue Nile. The price is \$1,794, including air fare. And you won't be put up in a Hilton hotel with hot and cold showers and air-conditioning.

"Usually," the travel agency warns, "you will sleep in a tent, or sometimes in a small wayside inn; maybe on a schoolroom or granary floor."

Its most expensive trek is a \$4,040, 50-day tour of Siberia and the Far East. That's sold out for 1975.

The budget item is a six-day class in mountaineering in California's Sierra Nevada. That's \$255—including meals.

This month, Mountain Travel's featuring a 31-day tour of Patagonia—total cost \$1,860. And a 26-day, 400-mile Sahara camel safari—land cost, \$1,250; air fare extra.

Next month: Springtime in Nepal.

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## The Two-Party Prospect

The worst of all times for interpreting a revolution is probably in the middle of one. The smoky blaze of a flickering torch offers an uncertain light to see by; above the roar of toppling institutions, one cannot be sure what one truly hears. What appears to be a revolution may indeed be no revolution at all; it may be no more than a spectacular two-alarm fire.

With those preliminary disavowals, let me suggest that we are in the midst of a political revolution now. I cannot see the end of it. Before the convulsions have run their course, it is entirely possible that we will witness a wholesale realignment of the two major parties. If the Constitution should be amended, so as to provide for the direct national election of Presidents, our entire political structure will be fundamentally altered. Willy-nilly, an old order is changing, yielding place to new.

There is a theory among the political scientists that our electoral history discloses five such significant reformulations. Each is dated in terms of a "critical election." Jefferson in 1800 ended the Federalists' domination; Jackson in 1828 launched a new kind of popular democracy; with the collapse of the Whigs, Lincoln in 1860 brought the Republican Party to the fore; McKinley in 1896 turned a tide of agrarian populism; Roosevelt in 1932 routed the Republicans and ushered in the New Deal.

You can prove almost anything you please by the supposed patterns of a cyclical theory. The political scientists may be merely making waves for their graphs by observing that the periods had characteristics in common: They lasted from 28 to 36 years, they began in times of genuine and widely perceived crisis, and they ran down in times of political drift when the two dominant parties offered little by way of choice. Accepting the

theory provisionally, our political structure, as David Broder observes in his brilliant "The Party's Over," is "ripe for realignment." Forty-two years have passed since Roosevelt assumed his office; we are just now emerging from the greatest political and constitutional crisis since the Civil War; the two parties have been drifting on such tides of apathy that only 38 per cent of the eligible voters bothered in November to go to the polls.

That election of November, 1974, eventually may be viewed by the historians as one more "critical election" in their cyclical theory. I didn't so perceive it at the time. Writing for *Nation's Business* on the day after the election, I suggested that the Republicans need not despair. This was not a debacle, I said. The loss of 43 seats in the House did not necessarily portend an end to the party.

I was wrong. It was a debacle. When all returns came in, state by state, the dimensions of the Republican repudiation became evident. *Battle Line*, publication of the American Conservative Union, has compiled a list of the states in which the Republicans hold both the governorship and a majority in each house of the legislature. This is the list: Kansas. In January, Republican state chairmen, meeting in Chicago, received even gloomier tidings: Only 18 per cent of the voters still regard themselves as Republicans, and the people widely view the G.O.P. as "untrustworthy and incompetent."

Will the Republican Party, as such, survive? The prospect now strikes me as doubtful. The situation today is not to be compared to the situation after the Goldwater defeat of 1964. Then, too, the carnage was terrible at the federal level, but the party emerged with 17 governorships and the control of 10 state legisla-

tures. Of greater significance, the G.O.P. came out of the 1964 experience with high morale and fresh leadership, especially in the South. By contrast, the Republicans won only seven of 35 gubernatorial elections in 1974, and the stain of the Nixon-Agnew scandals seeped to the level of the local courthouse. It will be a miracle if the party revives and once again raises the old flag for vast numbers of voters to follow, accepting the G.O.P. as their political vehicle of choice.

November's torrential rains that nearly drowned the Republicans were part of a larger turbulence. Currents of "reform" had been moving in both House and Senate for several years; the Nixon scandals gave them new impetus. A wave of 75 freshman Democrats washed over the House. The seniority system trembled and sank; three chairmen vanished without a trace. The restructured committees, in both chambers, will be far more disposed to liberalism than the committees they have replaced.

The much-maligned seniority system had its drawbacks, but in terms of the stability of the House and of government generally, the system offered more good than ill. So long as chairmanships were awarded to the members having longest committee service, intraparty strife could be avoided. The chairmen, secure against ambush by ambitious rivals, could use their powers as a brake against impulse. Now that the tumblers have started rolling, no chairman's head is safe upon his shoulders. A useful check and balance has been lost.

Yet the seniority system had one disadvantage that seems not to have been widely remarked: It helped to cripple the substance, as distinguished from the form, of a meaningful two-party system. In recent years



## The Two-Party Prospect *continued*

of Democratic dominance, a Democrat got to be chairman not because he was a "good Democrat," but because he was a healthy one. It wasn't his loyalty that counted; it was his liver. Virginia used to send a succession of such chairmen to both House and Senate. In their political thinking, they were sturdy Republicans. Periodically they were asked if they were still Democrats. "Very still," they would reply.

In the wake of the House revolution, these incongruities are gone—or at least they are going. The revolution is not wholly ideological. That would be saying too much. But it is chiefly ideological; its aim is to award positions of power to Democrats who will generally promote Democratic programs, which is to say, liberal programs. And its corollary aim is to penalize those nominal Democrats who refuse to toe the line. This was the message writ large upon the wall by the House Democratic Caucus. John Jarman of Oklahoma got the word. He had served 24 years in the House and he ranked third in line for the chairmanship of the Commerce Committee. Came the revolution and Rep. Jarman, a solid conservative, saw his Democratic seniority go up in flames. He therefore renounced his party affiliation, crossed the aisle, and overnight became, statistically speaking, dean of Republicans in the House.

Ideology is to count for more; so is party discipline. We have seen very little of this in the past. Unlike the British system, where party loyalty is tightly enforced on the floor of Commons, our system has manifested an easygoing tolerance that astounds our British cousins. After the opening day, members have been free to vote as they please. They may not feel so free hereafter. When the revolutionaries deposed Louisiana's F. Edward Hébert as chairman of Armed Services, there was some talk that he might rally his followers to fight on the floor. The talk subsided

when Rep Hébert's supporters were put coldly on warning not to buck the Caucus. The Democrats plainly mean to function as a party. It is one of the anomalies of our two-party system that nothing like this has happened in years.

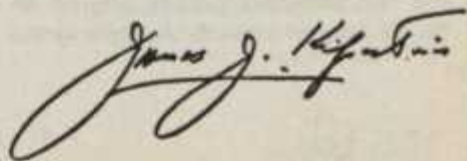
The vitality of the two-party system has been adversely affected not only by the seniority system but by many other influences as well. There was a time—it was Mr. Dooley's time in Chicago, it was Tammany's time in New York—when the party meant something. It meant a Thanksgiving turkey; it meant a scuttle of coal; it meant a motorman's job for the oldest boy. With the rise of civil service and the welfare state, these amenities ceased to have great meaning. A party that could not grant rewards could not impose punishments either. Television made bad matters worse, for TV permitted a maverick candidate to leap the party corral and go his own way. The task of political fund-raising, once a major party function, gradually slipped away to special committees from labor, business or the lobbies. As power shifted to Washington, local political involvement seemed to have less meaning. The pollsters no longer surprise us with findings that more than half of the voters under 25 regard themselves as "independents." The people may be vaguely in favor of a two-party system, but they exhibit no great enthusiasm for either party.

Where do we go from here? My guess is that the next decade may see a resurgence of party—a major realignment on ideological lines. The Democrats have made themselves the party of liberalism. Their purge of conservative "obstructionists" is not ended; it is only beginning. Even in the Senate, where tradition dies hard, the currents of ideology and discipline are growing: Alabama's Sen. James B. Allen failed to win a coveted seat on the Judiciary Committee. No conservatives need apply.

The Republicans, for their part, have failed to make themselves the party of conservatism. It is a curious thing. The same polls that indicate the Republicans are weak also suggest that conservatism is strong. Upwards of half of the people incline toward what they regard as "conservative" positions. Plainly, these same people do not regard the Republican Party as an effective vehicle for handling their political desires.

One of two things is likely to happen. Either the Republicans will cast off their flabby image of me-too moderation, and strive to be the conservative party, or a new Conservative Party will have to be invented. The Republicans' dilemma is that they cannot now afford the luxury, at high levels, of ideological discipline. The Goldwater-Tower-Helms right wing may find the Javits-Brooke-Weicker left wing distasteful, and vice versa, but they are locked in a love-hate relationship like old married enemies. Sen. Weicker in January soberly contemplated divorce—he thought of renouncing the Republican label—but decided at last to remain in the same uncomfortable bed.

A political revolution, like any other revolution, depends largely for its success upon the quality of leadership that emerges. New leaders remain to be identified. Remarkably, in reading this over I find I have not mentioned Gerald Ford or the Presidency itself. The Presidency is, of course, the greatest prize and Mr. Ford is the Republican who holds it; but the President is neither Mr. Republican nor Mr. Conservative. This revolution eventually must involve our Presidential elections, but that time is not yet. It probably will not come in 1976. However, the time of realignment is coming. If a brilliant and commanding conservative leader arises, it could come much sooner than we think.





# "Close up shop? No. Two-way radio saved my business."

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## Total Cadillac Value. It makes more sense now than ever before.

If you've been considering a luxury car, you're probably aware of the fact that there's been a good deal of speculation in the press and other media as to why new Cadillac sales are so high.

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If you read the articles, it might sound as if every Cadillac buyer decides on Cadillac for a different reason. "Cadillac's reputation for quality." "Cadillac's roominess and comfort." "Cadillac service." "Cadillac luxury and status." And so on.

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Total Cadillac Value. That's the value that is inherent in every Cadillac when you buy it . . . when you drive it . . . and when you trade it. From the obvious . . . like Cadillac's continuity of styling. To the less obvious . . . like that good feeling that comes from driving a Cadillac.

But perhaps there is no better way to illustrate Total Cadillac Value than to examine a very real specific. Resale value.

**Item:** Cadillac traditionally has the highest resale value of any U.S. luxury car make.

**Item:** According to the most recent Automotive Marketing Report, the 1974 Cadillac has retained a higher percentage of its original value (Manufacturer's Suggested Retail Price) than any other U.S. luxury car make. Models compared were priced to include those popular options that were installed on 50% or more of a particular body style.

Something else worth considering: 1975 Cadillacs incorporate a series of advancements which can help you save on fuel and recommended maintenance. These include GM's Catalytic Converter, High Energy Ignition, Fast Warm-Up Carburetion and Steel-Belted Radial Tires. The result—when compared with 1974 models—is improved overall operating economy for owners of 1975 Cadillacs.

Small wonder Cadillac's percentage of repeat new car buyers is historically the highest of any U.S. luxury make.

So talk to your Cadillac dealer. Because Cadillac makes more sense now than ever before.



## Total Cadillac Value. It explains a lot of things.







*Union Carbide information-giver Novi Warrick has varied material at her fingertips.*

## Connecting Questioners With the Answerers

In an organization the size of Union Carbide, with 450 company locations world-wide, a caller seeking information might expect to get "bounced around" by a busy switchboard operator.

Not so, however, since the company established an inquiry handling system about five years ago.

Most of the inquiries, phoned or written, are about products, services, a job, or whom to see to sell the company something, says Edna J.

Lavandier, manager of the system.

They're often difficult for just any employee to answer. A sculptor wants information about a chemical that would keep green wood from splitting. (The company calls it Carbowax.) A chemistry professor wonders if Union Carbide produces a "carbon cloth." (It does.) A housewife wants to buy a few pinches of carbide to put it in a gopher hole. (The company sells no carbide as such and is not involved in going for gophers.)

When a Union Carbide employee has the slightest doubt about an outside call or letter of inquiry it is di-

rected to one of four centers—in New York, Chicago, Houston and Los Angeles—where trained staffs have virtually every kind of information about the company at their fingertips.

"The main reason we're here is to eliminate frustrations suffered by people who contact large organizations and are unable to connect in a reasonable time with the appropriate source of the information they want," explains Miss Lavandier, noting that inquiries the system handles are from customers, prospective customers, stockholders, vendors, employees and the general public.

The New York center alone handles some 300 phone calls and 400 pieces of mail daily. Most phone inquiries are answered or referred to the proper parties immediately, and letters within 24 hours of receipt. More complex inquiries usually are processed within 48 hours.

"We have a rule of thumb," says Mrs. Novi Warrick of the Los Angeles center. "If you refer callers to a source and they get their answers on the first try, they're happy. If you have to refer them to a second source, they get a bit edgy. After that, the blood pressure rises. If we promise to call them back, we keep that promise." ●

## Do They Know Where You Stand?

In an informal survey of over a thousand of its employees around the country, Dow Chemical Co. asked: "Do you believe Dow has the responsibility to keep you informed on public issues that might affect your jobs?"

Ninety per cent answered Yes.

This suggests that an equally high percentage of others among the 80 million Americans employed by the private sector want to understand management positions on such matters, says Fred K. Quigley, vice president for government and public relations of Dow Chemical U.S.A.

Not only should management explain how it stands on these issues, he believes, but it should urge em-

ployees to do something about them.

"I am sure many corporate leaders have shied away from giving a shove to their people to become political activists because of an unfounded fear that more harm than good might be done by employees working for the 'wrong party,'" he says. "But there is no wrong party. What is wrong in American politics is an appalling economic illiteracy among the whole electorate."

Labor unions, Mr. Quigley says, do a superior job in making "their Congressmen" aware of the needs and moods of union members, while business leaders tend to pursue a course of limited self-interest.

"How many top executives have ever experienced personal political involvement beyond that of buying a ticket for a few paltry dollars to a fund-raising dinner every two years

or so?" he asks, adding: "Money is not the primary route to political strength. Organized labor and advocacy groups have taught us that. They have spent big money—yes; but, more importantly, their supporters are actively involved and organized. People are the real strength."

Mr. Quigley believes it is more necessary than ever for business leaders to educate members of Congress on the economic health of their constituents—"without crying wolf."

"Isn't it amazing," he asks, "that throughout the world, U.S. business is considered to have the greatest managerial talent in history, but that it has not learned how to avoid being managed by others who sometimes neither understand nor really believe in the system?" ●

*continued on next page*



## Why Florida Now Has a "Mountain"

When the RCA Space Mountain opened at Walt Disney World Jan. 15 with a spectacular aerial fireworks display, the release of 50,000 balloons and 500 white pigeons, and a fanfare by a 2,000-piece band assembled from a covey of Florida high schools, some businessmen must have wondered: Is this venture really worthwhile for RCA?

After all, RCA, which put a reported \$8 million-plus into what its Board Chairman Robert W. Sarnoff calls "Florida's only mountain," gets no proceeds from tickets bought by visitors to the towering tourist attraction.

The proceeds go to Walt Disney Productions, operator of three-year-old Disney World outside Orlando, and its smaller, 20-year-old counterpart, Disneyland, in Anaheim, Calif. Space Mountain, which features a roller-coaster-type simulated ride through space, originated with an idea of the late Walt Disney himself, and the firm he founded put much more money into the venture than RCA did, and runs it.



*The RCA Space Mountain's grand opening at Walt Disney World, where attendance is up 8 per cent this year despite the recession and where it rose 2 per cent last year in spite of the Arab oil embargo.*

RCA executives, however, have no doubt about its worth to their company. An expected five million visitors a year will see more than showers of brilliant particles and whirling light spheres in the innards of Space Mountain as they take scary rides in "space shuttles." (Astronaut James B. Irwin tried the ride on opening day. "It's almost as rough as the ride on the Saturn Five," he said, laughing.)

They'll get on a moving ramp, and see exhibit after exhibit on "future living," showing two-way audio-video communications for business, education, shopping and the home. They'll also watch themselves on color TV.

"Everything they see involves our company and its products," says an RCA official. "That includes the ride

—we've produced much for the space program. When they leave, they'll think favorably about us and what we make."

Other companies also see good promotional value in representation at Disney World, Disneyland, or both. They range from AT&T to Kai Kan Foods.

Eastern Air Lines, sponsor of a free Disney World attraction that entertainingly shows highlights of places to which Eastern flies, reports its worth is indicated by unsolicited mail like this:

"I hope you don't mind, but our children, aged 6 to 10, went back to your free exhibit each day of our three-day stay. Thank you for adding to our enjoyment so much. And we always fly Eastern."●

## How Customers Became Salesmen

What started out as a status symbol for good customers has turned out to be an effective marketing tool for Executive Jet Aviation, Inc., of Columbus, Ohio.

About a year ago, EJA began issuing 18-karat gold credit cards (produced by Tiffany) to corporate executives who log at least 50 flight hours (roughly 25,000 miles) annually aboard EJA business charter jets.

"It's the greatest marketing tool we've ever had," says Richard E. Engles, vice president for sales. "Some of our best customers are now our best salesmen. The gold credit card seems to lead to conversations about EJA's benefits."

Over 300 major corporations use the charter jet service, either as a primary means of transport for their

executives or as a backup service for their own corporate planes.

But the 20 EJA jets are available to anyone who wants to charter them.

"We flew O.J. Simpson to a Buffalo Bills game when he had an illness in the family and couldn't make the regular team charter," says Bruce G. Sundlin, EJA president. "I suppose we've flown practically every national political figure you can name, at one time or another. We had Congressman Jerry Ford aboard so he could make an out-of-town banquet appearance."

Not long ago, an EJA jet flew a refinery worker, badly burned in an explosion in Puerto Rico, to a burn center in Houston, Texas. When a Smithsonian Institution mini-submarine sank off the coast of Florida, two technicians were whisked from California in an EJA jet to supervise rescue efforts.

EJA has 40 full-time pilots, none

of whom has less than 10,000 flying hours under his belt. The average age is 45. Practically all are veterans of the Strategic Air Command. Former airline pilots, according to Mr. Sundlin, don't necessarily make good charter pilots—they are too accustomed to flying the same routes again and again, he says.

Thirty-three corporate executives now carry the gold credit cards. Not only is the card a status symbol but it authorizes a call-in number which assures the bearer of a business jet when and where he desires it.

One cardholder wrote the company he is reminded of EJA service almost every time he takes a commercial flight, because his card triggers airport electronic security devices.

"When you dig out the contents of your pockets to see what caused the alarm," he says, "the shiny gold card reminds you that EJA would already have you in the air and on the way."●



Why would a million dollar operation like Advance Electric come to Allstate for business insurance?

For the same reason a billion dollar operation like Potomac Electric Power Company did.



Allstate is in the business of insuring businesses. Small, medium or very large.

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Our Account Executives and Special Accounts Managers do everything they can to tailor Allstate services and protection to your specific needs.

Advance Electric is a successful New Orleans electrical contracting firm. In their case, we developed a single insurance package to replace the fifteen separate policies they were carrying, and saved them money.

In the case of Potomac Electric Power, we put together a different package—general liability for PEPCO along with Workmen's Compensation and general liability coverage for its

contractors on the construction of a 350 million dollar power generating unit. And placed a loss-control supervisor at their service.

Service. That's the key.

We're set up to settle business claims fast. With the largest full-time staff of claim specialists in the country.

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## WHAT READERS WANT TO KNOW

### Where will the Republican and Democratic national conventions be held in 1976?

No decisions have been made. The Democratic National Committee has invited 28 mayors to indicate whether they would like their cities to be

considered as convention sites. The Republican National Committee will give consideration to any city which wants to put in a bid.

Actually, not many cities can be seriously considered. In general, they must have an air-conditioned hall capable of handling at least 20,000 people. Also, at least 15,000 to 20,000 hotel rooms, preferably close to the convention hall.

In the past, cities which met these conditions and offered the most "freebies"—goods, services and cash contributions to offset convention costs—had the best chance of being selected. But convention officials in both parties are not sure what freebies they can accept, because of vagueness of language in last year's amendments to the Federal Election Campaign Act. Even the traditional free soft drinks for delegates, and copying machines for convention staffs, may be out.

budget for fiscal 1974, of which \$2.4 million was spent. The same amount was approved for the prosecutor's office in fiscal 1975, but since that year doesn't end until next June 30, no figures on second-year spending are available.

Also, of course, there were the expenses incurred by the House Judiciary Committee during its impeachment proceedings, and in investigative work of the FBI and other federal agencies.

### Who are the youngest and oldest members of Congress?

Thomas G. Downey, 26, a Democrat who scored an upset victory over an incumbent Republican in a district on Long Island, N.Y., is the youngest. (When he was elected he was 25, the minimum age set in the Constitution for members of the House of Representatives.) The oldest, Rep. Wright Patman (D.-Texas), is 81. Incidentally, he had been a member of Congress for 20 years when Rep. Downey was born.

### Charts showing changes in the size of each state's delegation in the U.S. House of Representatives as a result of each decennial census are blank when it comes to the 1920 census. How come?

The 1920 federal census showed that, largely as a result of migration from farms to factories during World War I, the population of the cities exceeded those of the rural areas for the first time in the country's history.

Representatives from rural areas were still in the majority in the House because the 1920 election had been conducted on the basis of the 1910 census figures. They refused to accept the findings of the new census, and argued that wartime dislocations were still being reversed.

As a result, representation in the House was based on the 1910 figures in all elections from 1912 through 1930. The 1932 election took place under a reapportionment based on the 1930 census.

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### How many Americans are now 65 years or over?

According to the Census Bureau, almost 22 million of us are 65 or older—an increase of about two million in the past four years.

On the other end of the spectrum, the number of pre-school-age children (under five) has been dropping—from 17.1 million to 16.3 million in the same period. The greatest increase in population is occurring among adults in the 25 to 34 age group. Their ranks have mushroomed from 25.1 million to 29.7 million.

Among those over 65, by the way, there are fewer than 70 males to every 100 females.

### How much did it cost to conduct the Senate Watergate investigation?

The committee headed by now-retired Sen. Sam Ervin (D.-N.C.) was voted \$2 million to conduct its probe. The exact amount spent hasn't yet been officially reported, but, it's been learned, it tops \$1.8 million.

The special Watergate prosecutor's office was given a \$2.8 million

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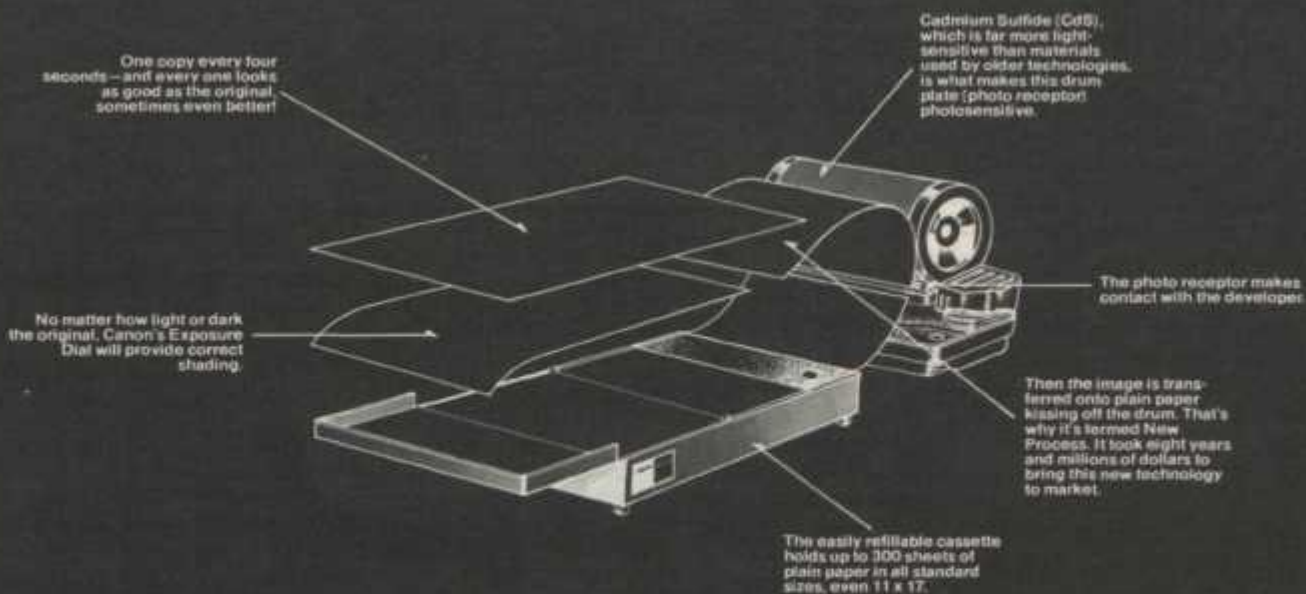
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Both the NP-70 and NP-L7 offer book mode copying at 15 copies per minute. The NP-L7 has the added convenience of sheet mode with higher rate of copies per minute—up to 30—perfect for offices that require faster copying time.

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## Disagreement on the Case Against ERA

• Re "The Case Against ERA" [January] by James J. Kilpatrick.

As one of many national organizations supporting ratification of the Equal Rights Amendment, the primary concern of the League of Women Voters of the United States is that the case for ERA—a sorely needed and long overdue legislative proposal—be presented.

Mr. Kilpatrick characterized the amendment as "unnecessary," "uncertain" and "undesirable." We disagree on all counts.

Equal rights for women is not, as Mr. Kilpatrick claims, an abstract principle. There is a very real and pressing need to end once and for all the petty and potent forms of discrimination which deny women equal rights in our society. It is true that both the courts and the Congress are acting towards this end, but on a piecemeal basis.

Presently, in cases where sex discrimination is alleged, the burden of proof rests with the individual, who must prove that discrimination exists. With ERA, it would shift to the state or federal government, which would have to have a compelling reason for treating the sexes differently under the law.

Passage of ERA would set in motion a uniform, state-by-state revision of laws and statutes and would guarantee citizens of each of the 50 states equal treatment. This guarantee, incidentally, will affect men as well as women, for once ERA is ratified, laws that are beneficial will be extended to the group previously excluded and laws that are detrimental to one group will be abolished.

RUTH C. CLUSEN

President  
League of Women Voters of the United States  
Washington, D.C.

• "The Case Against ERA" failed to make one.

DIANE COTTERELL  
Shannon-flare  
Seattle, Wash.

• Mr. Kilpatrick conjures up the ghosts of tradition, public opinion and "prevailing political desire" to sanctify his position against ERA. Let me suggest that many so-called

traditions account for much of the evil in this modern world. War is a popular example. And wasn't it "prevailing political desire" that brought us the Watergate fiasco? Mr. Kilpatrick defends the social structure but he does so at the expense of 53 per cent of the human beings who comprise that structure in this country.

LYNNE ABELS

Student  
University of the Pacific  
Stockton, Calif.

• We wish to express our appreciation for the article and we wish it could be printed on the front page of every newspaper in America. We hope it will help motivate America into getting this piece of legislation defeated.

JOHN & SHIRLEY BUKER  
Vernal, Utah

• Mr. Kilpatrick attempts to discredit the Equal Rights Amendment by linking it with "women's liberationists," and then admits that the chief financial support for it is coming from the League of Women Voters, the Coalition of Labor Union Women and the National Federation of Business and Professional Women's Clubs.

I do not know what body of opinion he calls "women's liberationists," but I do know that the organizations he has singled out have earned the respect of the American public by their responsible and productive activities in their various communities.

CAROLYN NOONAN FARMER  
Co-Director  
ERA Central Illinois  
Winnetka, Ill.

• The amendment is necessary because: Ordinary statutes come and go; Supreme Court decisions can be modified or reversed; but a constitutional amendment, once ratified, is there to stay.

MOLLIE B. WILLHELM  
Editor  
The RePort RePort  
(Ex-plant publication)  
Gerber Products Co.  
Fl. Smith, Ark.

• I was happy to read the article. However, there is one error—where it states that Democrats command solid majorities in both houses of the North Dakota legislature. The opposite is true. The Republicans com-

mand solid majorities in both houses.

REP. NORMEN E. GRUBB  
Legislative Assembly  
Bismarck, N. Dak.

### Admiring Allen

• I want to express my appreciation for the very complimentary, well-written, and wholly deserved feature article on Sen. James B. Allen of Alabama ["Bucking the Anti-Business Tide," January]. His friends and admirers (and we are legion) are delighted to have you give him this recognition.

R. F. ADAMS  
Johnstone, Adams, May,  
Howard and Hill  
Attorneys at Law  
Mobile, Ala.

### Civic beauty

• I congratulate your magazine in showing good taste by giving "Big D" another first—this time in your series, "A Bicentennial Salute to American Cities" [January]. I especially enjoyed your beautiful picture of the Dallas skyline at night. It is one of my favorite sights every time I drive into the downtown area.

MARILYN CHASE  
De Soto, Texas

• We are most appreciative of your including the very beautiful color picture of our Wichita computer center on page 54 of the February issue of NATION'S BUSINESS ["A Bicentennial Salute to American Cities: Wichita"]. Unfortunately, the building was identified as a computer center for National Cash Register.

We are quite proud of this installation in the fine city of Wichita.

CHARLES E. SNODDY JR.  
Vice President  
Company Property Management  
Metropolitan Life Insurance Co.  
New York, N.Y.

[Editor's Note: We regret the error.]

### Required reading?

• Undoubtedly, "The Macaroni Congresses" [December] by James J. Kilpatrick has to be among the best columns ever run by NATION'S BUSINESS. Blunt, objective and realistic, it is a pity it cannot be made required reading for every member of the Congress.

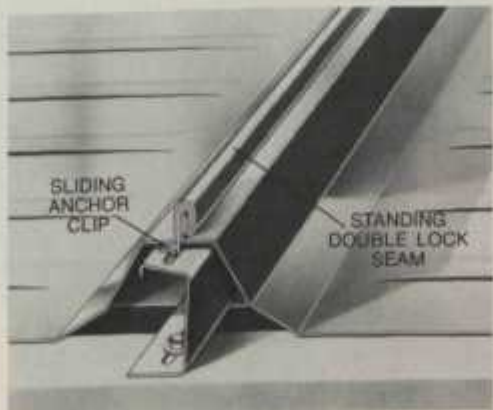
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The Warner & Seasey Co.  
Cleveland, Ohio



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## The family man.

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The "hard-facts" businessman vs. the "lifestyle-is-important" family man.

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The Pennsylvania Technical Assistance Program tracks down and supplies technical information. Specifications we supplied recently saved one manufacturer \$100,000 on a new furnace. We saved another company over 300 man-hours of research.

Also provided are research and development funding for specific projects. An example: the synthesis of "Campothecin," a cancer-treatment drug.

There's just no doubt about it, for the family man who is also a businessman—the logical choice is Pennsylvania.



**Governor Milton J. Shapp:**  
"Pennsylvania is a state where the businessman can have a flourishing business without sacrificing a well-rounded human environment for his family. We want your business and your family in Pennsylvania."

## Pennsylvania.

For complete information write or call John J. O'Connor, Secretary of Commerce, Commonwealth of Pennsylvania, Suite 425NB, South Office Building, Harrisburg, Pennsylvania 17120. (717) 787-3003.



## Legalize Strikes by Government Workers?

"You just quit working for the guy who's kicking you around. And if that guy happens to be mayor of the city or governor of the state, it doesn't make a damned bit of difference."

President George Meany of the AFL-CIO thus summed up his position on the controversial issue of whether employees of government should have the right to strike to enforce their demands.

The circumstances and timing of his statement were significant. He was addressing leaders of government employee unions, at a ceremony marking establishment of the AFL-CIO's new Public Employee Department. And it was the day after Democrats, with heavy labor support, won overwhelming control of the 94th Congress.

Legislation to permit strikes by the 11.5 million government workers at the federal, state and local level will

be among major bills acted upon by this same Congress.

Unions of such workers are the fastest-growing in the labor movement and have become increasingly militant. [See "Labor's Jerry Wurf: Can He Shut Down Your Town?" on page 38]. Evidence of this militance came last year from Baltimore, where some business establishments were looted while garbage piled up in streets during a strike by police and sanitation workers, and from San Francisco, where, as a newspaper headline told the story at the time: "Walkouts Cripple Transit, Hospitals, Schools."

Such consequences are, understandably, the basis of objections to permitting government employees to strike on the same basis as workers in private industry. Objectors like to cite the statement of Calvin Coolidge, then governor of Massachusetts, in

the Boston police strike of 1919: "There is no right to strike against the public safety by anybody, anywhere, anytime."

Labor leaders and others backing legislation to authorize full collective bargaining for government employees, including the right to strike, say the growing number of such walkouts in defiance of existing laws is evidence that they are going to occur with or without legal sanction.

The threat of strikes to enforce bargaining demands should be as legitimate a negotiating weapon for government employees as it is for any other types of workers, they say, and the mere fact that such walkouts are more possible would make it easier to resolve disputes—thereby avoiding strikes.

Should government employees have the right to strike? What do you think?

PLEASE USE FORM BELOW FOR REPLY

Jack Wooldridge, Editor  
Nation's Business  
1615 H Street N.W.  
Washington, D.C. 20062

Should government employees have the right to strike?

☐ Yes ☐ No

Comments:.....  
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# A Tough Choice Between Two Economic Evils

Deciding which is the lesser of two evils can be difficult.

Evidence of that is offered by the response to January's "Sound Off to the Editor" question, "Is inflation worse than recession?"

Roughly 64 per cent of readers taking part in the poll reply in the affirmative. Twenty-two per cent reply in the negative. And a sizable 14 per cent take the position that it's impossible to answer the question with a Yes or No—that inflation and recession are equally bad or that they must be considered a single affliction.

The question was posed before



*Inflation "will lead to total collapse of what's left of our free society," says Phil Zymler, president, Arista Custom Tapes, Lyndhurst, N.J.*

the surprisingly rapid increase in unemployment and decline in gross national product which prompted the Administration to shift its emphasis from the Whip Inflation Now campaign to recession-fighting. But the change in Washington appears to have had no major effect on reader sentiment. Late-arriving replies are less heavily weighted toward the Yes side than earlier ones—but only slightly.

"Inflation gains momentum as it feeds on itself," says Robert J. Bevenour, executive vice president, Nissen Corp., Cedar Rapids, Iowa. "Recession will generally correct itself. With Congress refusing for over a decade to balance the budget, the result must be more inflation. This is our No. 1 national problem."

Contends L.G. Ehrenreich, president, Medina Savings and Loan Association, Medina, N.Y.: "We can never fully recover from an extended bout with inflation."

People "directly affected by recession find it worse than inflation," says M.J. Brock Jr., chairman and chief

executive officer, M.J. Brock & Sons, Inc., Los Angeles, Calif., but: "Recession does not affect everyone and inflation does."

Inflation is "artificial prosperity at the expense of future generations," asserts Ray Botsford, manager, Southern accounting division, J.C. Penney Co., Inc., Dallas, Texas. "It must stop someplace. It is time for us to live with what we can produce."

Edwin B. Frank, chairman, Frank & Son, Inc., New York City, argues: "Sooner or later, we have to face a deep recession. Why not now, and get it over with? The natural law of supply and demand must eventually prevail."

On the other hand, Reese A. Shepherd, executive vice president, Boston Business Resource Center, Inc., Boston, Mass., says: "Recession eliminates all of the income, or much of the income, of many. While inflation reduces the real income of a larger number, it's better for a larger number to share the burden."

Says James H. Anderson, president, James H. Anderson, Inc., Hillside, Ill.: "Price escalation can be anticipated and coped with. And contracts can be paid with cheaper dollars. At least business is being transacted!"

Robert D. Loudon, of Loudon Office Equipment, Colorado Springs,



*Beech Aircraft Corp. President Frank E. Hedrick, Wichita, Kans., says both problems are serious, and the question does not lend itself to a Yes or No answer.*

Colo., says that as breadwinner for a household including six children, and as owner of a company with 17 employees, "It is my belief that the recession we are in is worse than the inflation. Also, we really did not have much inflation until the government decided to freeze prices a couple of years ago—it seems this caused the problems we are now having."

Recession, asserts Harold J. Frankel, president, Wellington Marketing Co., Livingston, N.J., "is far worse than inflation. A deepening recession can run our country into a severe depression, even with all the built-in controls to combat it. This does not mean we can permit inflation to run wild. It must be brought under control."

Frederick H. Ajootian, a White Stone, Va., boat builder, is among



*No, says Harland B. Hundley, president, Fortune Gas and Oil, Inc., Shreveport, La., inflation is not worse than recession. He urges oil and gas deregulation.*

those who come up with neither a Yes or No. "The only possible answer to your question," he says, "is that the state of mind which prompts it is worse than either inflation or recession, and precludes a solution to our economy's basic problems. For 40 years we have been on the inflation-vs.-recession seesaw, and we have finally achieved the unenviable situation of having both at once. The cure for the joint problem of inflation and recession is an increase in productivity, not only by individuals and companies but as a nation. All non-productive activities must be curtailed or eliminated."

Both inflation and recession, says Jackson B. Maurer, president, Maurer Broadcasting Corp., Rome, N.Y., "are integral parts of the long-overdue depression which is coming because of the massive deficit spending by government."

Public enemy No. 1 for the U.S., says Gene Duenow, vice president, Duenow Management Corp., St. Paul, Minn., "is waste. Waste of vital natural resources. Waste of manpower and talent. Waste, above all, in bureaucratic government." Productive programs must be government's goal, he says. As for inflation vs. recession: "Take your pick."



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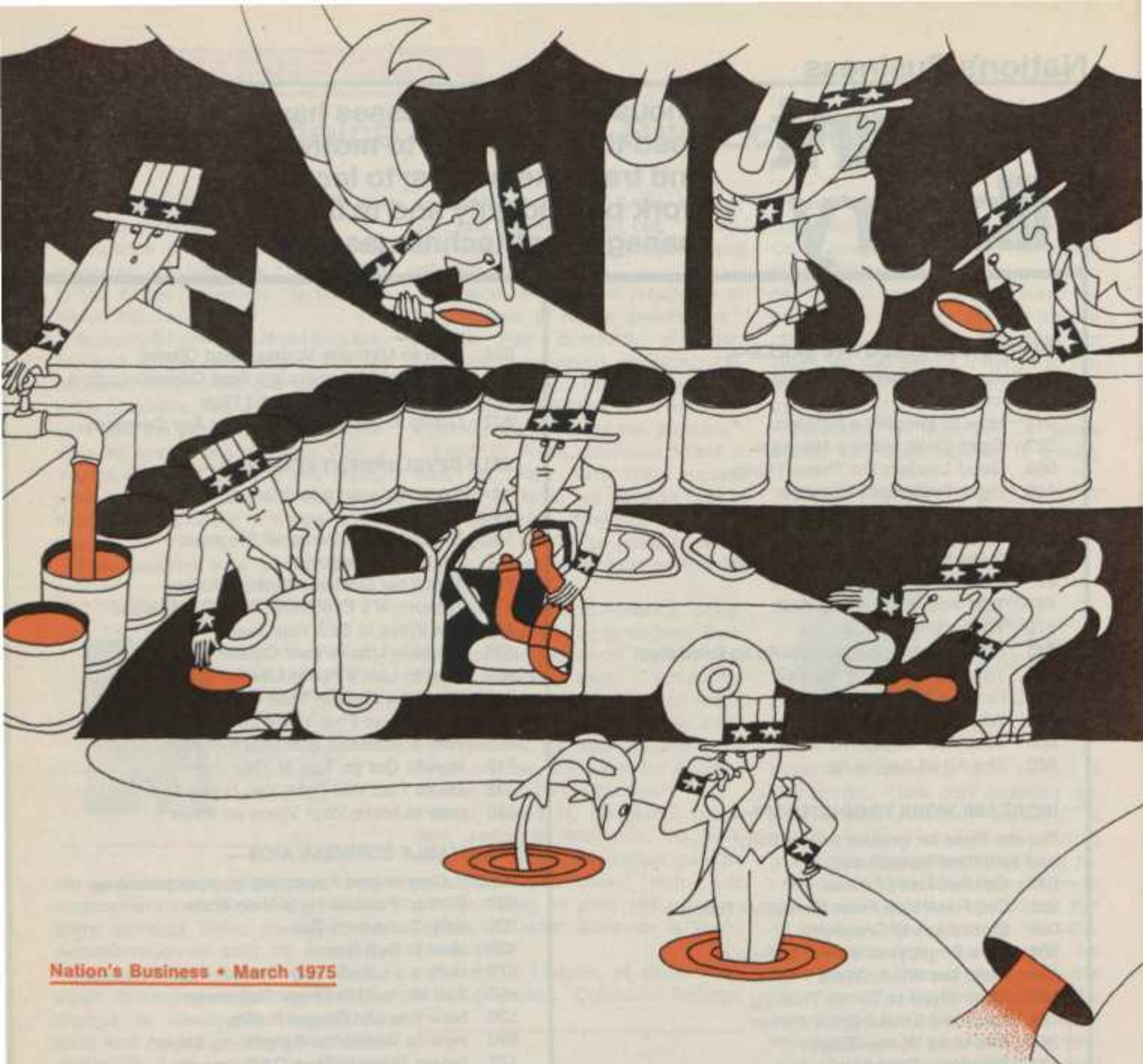
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Nation's Business • March 1975

## How the Customer Is Wronged by Washington

Guess who pays through the nose  
when the benefits of regulations  
are not weighed against the costs?



When "Red" (Billy J.) McCombs reads about auto workers laid off in droves, his blood boils. He doesn't wonder why auto sales have plunged—and Detroit assembly lines have ground to a halt.

He says he knows.

"It's Congress," states the 47-year-old six-footer, president of Hemphill-McCombs Ford, San Antonio, Texas.

"Congress dictated the safety and emission standards that have added so much to cost. And that's only the tip of the iceberg. Trying to meet these standards has taken up all the time of some very capable engineers in Detroit for the past four years.

"They had to lay aside drivability, economy and a lot of other things car buyers want. Congress, in its own great wisdom, decided to tell the American people what kind of cars they can own. And many Americans don't want them.

"Also, we've got a lot of people who can't afford to buy them."

Hemphill-McCombs Ford is on the edge of the central business district in downtown San Antonio. Its typical customer, says President McCombs, is "a middle-class guy in the \$10,000 to \$15,000 a year bracket."

It's one of the nation's bigger Ford dealers. In a normal year, it sells about \$20 million worth of new and used autos and trucks.

"I know this business," says Red McCombs, "and Congress priced us out of the market."

Only Detroit's rebate offers broke the sales logjam, he states.

### Washington waking up?

Recently, Sen. William Proxmire (D.-Wisc.) discussed the high cost of complying with safety and environmental laws.

When they were enacted, he said, "they had an inflationary effect, and we didn't recognize that at the time.

"Now, the consumer has to pay for it."

"I think we should, in many cases, do exactly what we are doing," he continued. But, he added, government should "be fair and honest with the American people in doing so."

President Ford, too, is for candor.

"I will require," he told Congress

last fall, "that all major legislative proposals, regulations and rules emanating from the Executive branch of the government will include an inflation impact statement that certifies we have fully weighed the effect on the nation."

He asked Congress to please do the same.

Then he extended an invitation.

Let's get together, he said, "to identify and eliminate existing federal rules and regulations that increase costs to the consumer without any good reason in today's economic climate."

The President's Council of Economic Advisers estimates that federal regulation of just a few industries—airlines, railroads, truckers, natural gas producers, banks and savings and loan firms—may add as much as \$13 billion a year to their costs. It urges that controls be cut back drastically.

The woods are full of other examples.

Take the case of railway fuses.

Until 1970, Army Ordnance bought these signal flares from U.S. firms. Bristol Flare Corp. for example, supplied them for years to Picatinny Arsenal.

"Then," says President Reba Goebig, "we got a letter saying we'd have to be inspected. The Army explained why. It seems an ammunition factory in West Virginia had exploded. This was a safety precaution."

Her firm had offered to supply the Army 111,150 fuses at 49 cents each. Total price: \$54,463.50.

But the Bristol, Pa., firm flunked the inspection.

That upset Mrs. Goebig. "We're inspected all the time," she says, "by railroad inspectors, underwriters, insurance companies—and we never have any problem."

No other U.S. fuse-maker passed either.

"The trouble," says Charles W. Gardner, vice president, Standard Railway Fuse Corp., Boonton, N.J., "is that the Army expected us to meet standards drawn up for munitions makers. It would cost us a fortune—and the standards just don't apply."

"We don't make explosives. We're

a flammable-solid industry. The Army misclassified us."

So the order went to a Canadian firm. It charged the Army 59 cents a fuse. Total price: \$65,578.50.

This, like auto safety and antipollution standards, is what Washington University economist Murray L. Weidenbaum, in his new book, "Government-Mandated Price Increases" (American Enterprise Institute for Public Policy Research, Washington, D.C.), calls "a neglected aspect of inflation."

It has hit Detroit, of course, like a ton of bricks.

### Pinto's cost zooms

"The design and manufacture of the 1973 automobile," Prof. Weidenbaum points out, "was subject to 44 government standards and regulations involving about 780 separate test points which must be met on each car."

Detroit has a basketful of figures to show what federal meddling has added to auto prices. [See "What's Ahead for the Auto," page 34.]

Lee A. Iacocca, president, Ford Motor Co., recalls a prediction he made in 1970—that the price of the \$2,000 Pinto, Ford's answer to the VW, would rise \$1,000 in five years, with half the increase resulting from inflation and half from government standards.

At the time, some critics said the forecast was too gloomy. In fact, Mr. Iacocca's estimate proved too cheery.

"We were off by 10 bucks and 12 months," he confesses. "The actual increase has been \$1,010—in only four years."

None of that increase, about \$500 of which is due directly or indirectly to the cost of complying with Washington's notion of what an auto should do, is added profit for Ford.

Other industries, too, are victims of regulation.

"Every time that the Consumer Product Safety Commission imposes a standard which is more costly to attain," Prof. Weidenbaum points out, "some product costs will tend to rise. The same holds true for the activities of the Environmental Protection Agency, the Food and Drug Admin-



## How the Customer Is Wronged by Washington *continued*

istration—and so forth. The point being made here should not be misunderstood.

"What is at issue is not the worth of the objectives of these agencies. Rather it is that the public does not get a 'free lunch.'...

"Although the costs of government regulation are not borne by the taxpayer directly, in large measure they show up in higher prices of the goods and services that consumers buy."

### **The customer is wronged**

Are Americans willing to pay the prices?

"I get a little discouraged," says gag writer Robert Orben. "After all these years, we finally have a chicken in every pot—and now we can't afford to turn on the stove."

And we ain't seen nothing yet, experts warn.

For example, it's been estimated that meeting antipollution goals will cost at least \$112 billion in a single 10-year span—from 1972 to 1981.

In fact, probably much more.

That estimate was made by the U.S. Council on Environmental Quality in 1973. Since then, double-digit inflation has run up the tab by many billions more.

One of EPA's grandiose plans for America means, among other things, higher food bills. To comply with it, canners of fruits and vegetables will spend \$250 million for waste treatment systems by the end of this year.

Other EPA plans on the drawing board may make them double that investment.

Most of the nation's 2,200 canners are small. EPA, the National Canning Association says, may put about 400 of them out of business.

A Midwestern canner who prefers that his name not be used—"We try not to look for trouble," he says—explains why.

He packs, in a year, about \$5.5 million worth of corn, beans and other canned foods. The plant employs 70 people year-round and about 225 at the peak of the season. Recently, he was told to build a new lagoon or holding pond for waste water—or shut down.

"We needed only about 40 or 50 acres," he says. "But we're hemmed in by highways and railroads. The

only land near us was a 155-acre farm. The owners wouldn't sell. They knew they had us over a barrel. They said they'd trade the farm, however, for one about twice the size.

"Luckily, we found a 288-acre farm a mile or so away. But we had to pay \$330,000 for it. Now, to contour the land and put in a lagoon will cost us \$200,000.

"We paid for the farm by borrowing from an insurance company. Now we're looking for another \$200,000."

The book value of his plant is \$750,000.

Will he pass on the waste system's \$530,000 cost to his customers?

"Well," he says, "the competition will determine how much you get for a can of corn. But our competitors are all saddled with added costs, too. They have to be passed on, eventually."

### **A new breed**

EPA, of course, is only one of many federal agencies that ride herd on U.S. employers.

The Occupational Safety and Health Administration, the Consumer Product Safety Commission, the Equal Employment Opportunity Commission and EPA, however, represent a new breed.

In the past, Prof. Weidenbaum points out, Congress set up agencies that focused on regulating a specific industry—like the Interstate Commerce Commission or the Civil Aeronautics Board.

"The more recent regulatory efforts," he says, "are not so limited. They cut across virtually every branch of private industry."

Congress is spending more and more money on federal inspectors to keep an eagle eye on business. In 1972, it anted up \$1.3 billion; this year, fiscal 1975, the tab is \$2.8 billion.

Federal regulatory agencies now have a staff of some 63,000—the rough equivalent of five U.S. Army airborne divisions.

Their impact is pervasive—sometimes contradictory.

After Sen. Edmund Muskie's Clean Air Act became law, many Eastern utilities had to switch from coal to oil. That's an added cost which, ultimately, shows up as high-

er electric bills for homeowners. But it was that—or EPA would blow the whistle.

Then came the Arab oil embargo.

A new bureau, the Federal Energy Office, dashed off an S.O.S. to many of the same utilities. The message: Please switch back to coal.

Northeast Utilities, Berlin, Conn., estimated it would cost \$20 million to convert eight of its oil-fired units back to coal—without the scrubbers needed to meet EPA's air quality standards.

With scrubbers, the expense was \$150 million.

### **Unhappy couplers**

But costs seldom trouble federal officials.

Not long ago, the Department of Transportation issued a directive—HM-109 amended. It calls for a new safety device on pressurized tank cars. In a collision, it's meant to prevent couplers from puncturing tank cars full of liquefied, compressed gas that could burn or explode.

DOT's solution: Install a heavy metal shield at both ends of the car.

The Association of American Railroads argued against it. Its tests show that vibration, or wind blast, might tear loose the 750-pound shields and hurl them in the path of the cars behind.

DOT asked representatives of 19 railroads and shippers what they thought of the shields. All turned thumbs down. They opted for a better coupler, easier to install, less expensive and, in the opinion of AAR, safer.

DOT said No.

Cost to install shields on some 18,000 cars: \$27 million, plus labor charges. Deadline—Dec. 31, 1977.

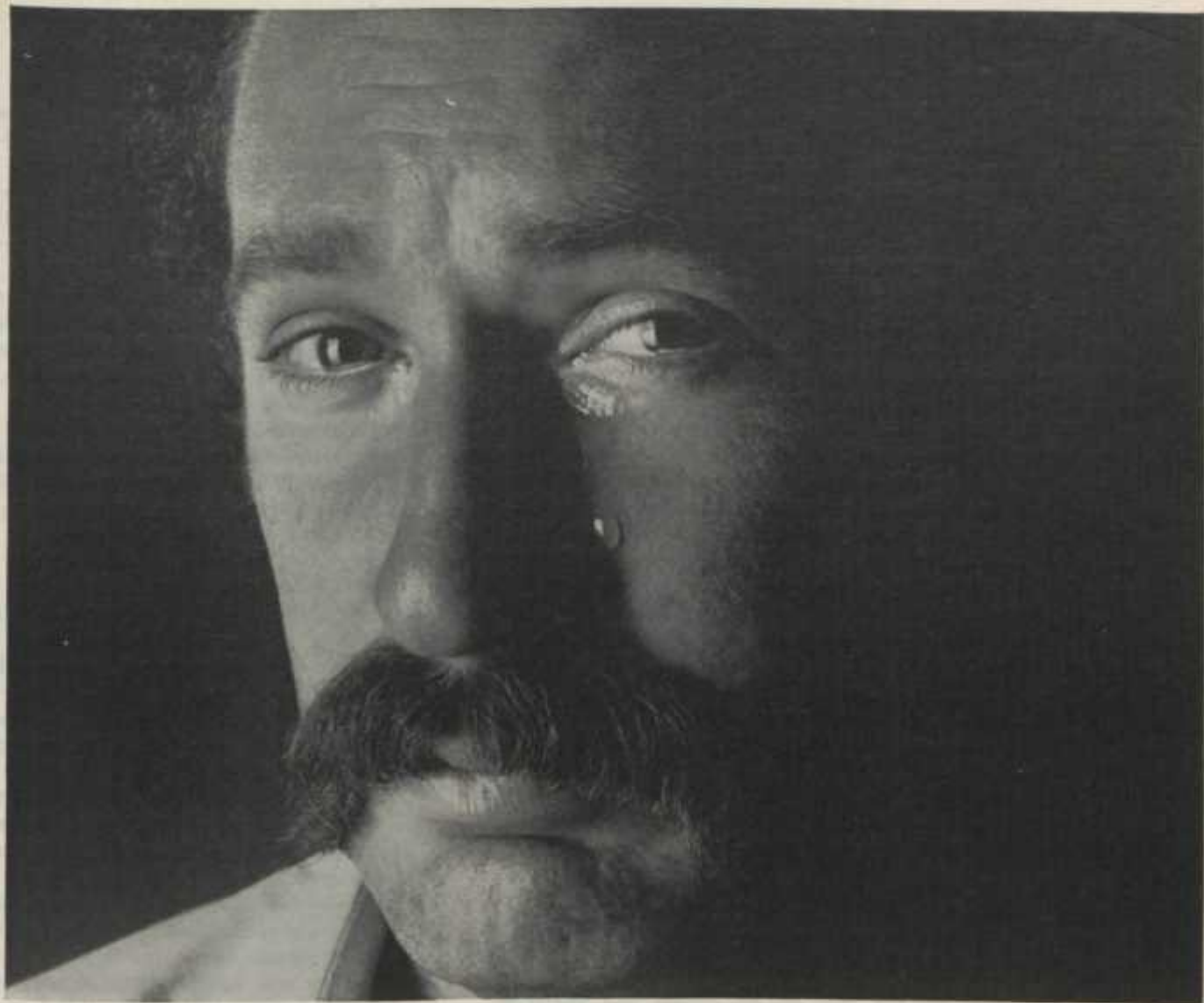
Each year, tank car owners must file reports on the progress of their "retrofit" program.

Thus, DOT does its bit to add to another major cost of doing business—filling out federal forms.

In 1965, a House committee estimated that form-filling alone costs the public \$20 billion a year. In addition, Sen. Thomas J. McIntyre (D.-N.H.) says, government spends \$18 billion to "print, shuffle and sort" the paper the public fills out.

The cost, he adds, "must neces-





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## How the Customer Is Wronged by Washington *continued*

sarily be passed on to you and me, to the consumer."

At least some of the paperwork is a waste of time. As well as money.

John J. Lennon, president, Nettco Corp., Everett, Mass., points out why. Last July, he got an invitation he couldn't refuse.

### Greetings

It was a letter from the Federal Trade Commission.

"The first paragraph was very beautifully phrased," he says. "It said: 'Your company has been introduced into the FTC financial reporting program.' That sounds like a letter from the draft board."

Purpose of the program, the letter explained, is to provide many user agencies with timely information on the state of the economy. Then came the hooker: Filing is required by law—"without exception."

The form is FTC Form MG-3.

"It's filled out quarterly," Mr. Lennon says. "And to do it properly, you

have to take inventory—to find out how much money you've made. Now we're a small firm, employing about 40 people. We make fluid agitation equipment—mixers—for all kinds of industrial users. Like paint and varnish manufacturers, paper mills or chemical companies.

"We take inventory once a year. To do it, we have to shut down the plant for three or four days. Then we go out in the warehouse and count the stuff—raw castings, gear boxes, oil seals and so on—one by one."

Large corporations, he points out, take inventory on the computer. Nettco Corp. doesn't have one.

Mr. Lennon told FTC he couldn't provide good figures.

"But I was threatened with legal action," he says, "if I didn't fill out the form. Of course, the information is valueless. And even if it were based on an accurate inventory, it would be valueless."

"We're in a category known as 'machinery, except electrical,'

"Total sales for that industry—for the fourth quarter of 1973—were almost \$20 billion.

"Our sales were a fraction of one-thousandth of 1 per cent of the total! So our figures would be meaningless."

The dollar total for what it costs a firm like Nettco to fill out forms that Washington wants may not be very large. But for a big corporation, it's big sugar.

Douglas H. Springer, vice president, financial planning, Campbell Soup Co., recalls the era of federal price controls from mid-1971 to early 1974.

### Unpleasant diversion

"I have a department of about 30 people," he says.

"At the height of controls, half our time was spent on federal paperwork. It cost us about \$500,000 a year. But worst of all was what it kept us from doing.

"Normally, we would have put that time into finding ways to cut costs and keep prices down. Washington diverted us from that objective."

Like Mr. Springer, many experts say we may be spending our money in the wrong place.

They ask: Is the \$3 billion a year invested in motor vehicle seat belts and pollution controls well spent?

Much of it may not be, National Safety Council statistics indicate.

Nearly four out of 10 persons killed in auto accidents—38 per cent—are pedestrians, bike-riders or motorcyclists, the Council says. None would be saved by seat belts, shoulder harnesses or air bags.

Also, removing roadside hazards "might eliminate as many as one-quarter of all motor vehicle fatalities," says Prof. Roger LeRoy Miller, University of Miami School of Law. "The costs of altering such roadside hazards are small—compared to the costs of making the cars themselves safer, in crashes."

Furthermore, he adds: "Safer roads help drivers of all vehicles, not just new ones."

Moral: When weighing a costly safety standard, don't ask the wrong question.

One frequently posed, in Congress, is this: "Are you more concerned

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with saving dollars than saving lives?"

Rephrase it, Prof. Miller urges. Put it this way: "What's the best way to spend the money?"

Unfortunately, that's not a question Washington seems to ask often. The American Iron and Steel Institute cites a classic case:

Take a modern mill, with two electric furnaces, that turns out 630,000 tons of steel a year.

To remove the first 87.8 per cent of dust from its smokestacks costs 4 cents a pound. The next 9.5 per cent costs 46 cents a pound. Squeezing out another tenth of 1 per cent would cost \$33.26 a pound.

But EPA once proposed standards that would have required steel mills to do just that. (It later modified the proposal.)

#### **Look before you leap**

Should federal agencies be required to put a price tag on their edicts?

At their last session, several Congressmen said they thought so.

One was Rep. Vernon W. Thomson (R.-Wisc.). "We all recognize," he told his colleagues, "that the mammoth federal budget has contributed mightily to inflationary pressures in the economy."

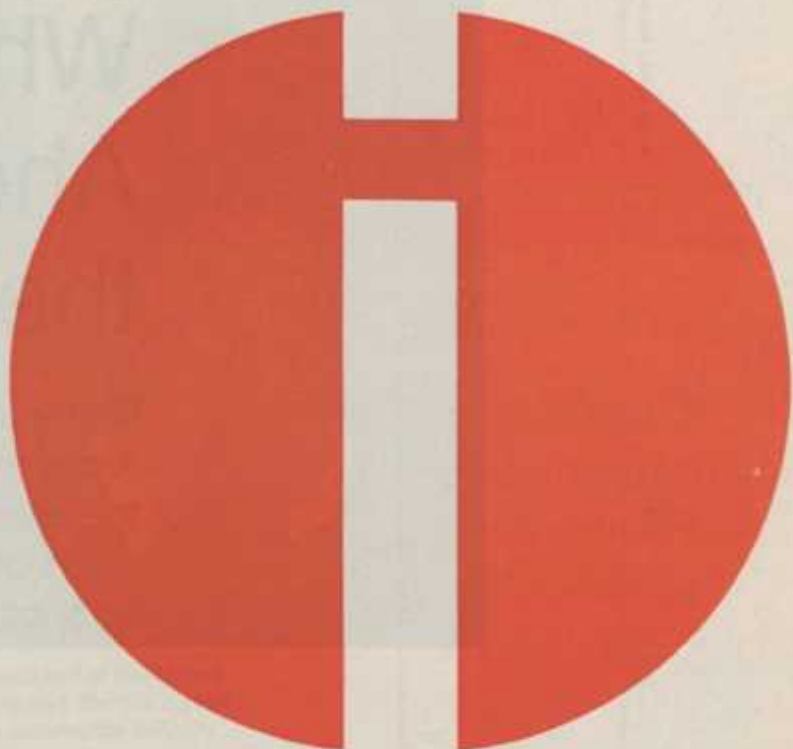
What often isn't realized, he added, is that some laws and most administrative rulings also impose tremendous costs. Not all are bad or wasteful, he said—many provide real benefits. But Americans should know what they'll have to pay for them.

He introduced a "look before you leap" bill. It would require that the real cost to the public of any law or regulation be calculated—and published—before it is imposed on them.

Some on Capitol Hill thought this was an idea whose time had come. But possibly not the voters.

Rep. Thomson was defeated when he ran for reelection. END

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# What's Ahead for the Auto

Better mileage? Synthetic gasoline? A new type of engine? The end of the assembly line? Here are the views of a man who knows whereof he speaks—a former president of GM

When Edward N. Cole retired last October after seven years as president of General Motors, he had spent his entire business career with that company.

He didn't retire to idleness. At 65, he retired into a new business career, as president of International Husky, Inc., a company that is going to design, build (with the aid of Boeing) and market an airplane which it hopes will revolutionize the air cargo industry.

But it is automobiles and the automobile industry that Mr. Cole, who started as a lab assistant with GM's Cadillac division 42 years ago, knows best. And it is about automobiles that he talks in this interview with Dr. Alfred L. Seelye, professor of business administration in the Free Enterprise Chair at The University of Akron, former dean of the College of Business and Graduate School of Business Administration at Michigan State University, and past chairman and president of Wolverine Worldwide, Inc.

**Mr. Cole, car sales dropped sharply**

**in 1974 from an all-time high in 1973 and are really down for the 1975 models. Is the reason the economy? Or is Detroit simply not building the kind of automobiles the public wants?**

The problem now is not with the automobile industry, but with the total economy. I feel that the industry is building the right kind of cars, though it probably overestimated the market for the small car in 1975—the pattern of buying has reverted more or less to the traditional pattern before the energy crunch set in. There is an abundance of small cars that people can buy at lower prices. The car in the shortest supply right now is the Cadillac.

However, the public in general is concerned about the economy, and price increases also have undoubtedly been a deterrent to sales. In addition, there has been public concern about the availability of unleaded fuel for the new cars equipped with catalytic converters.

**Can the American automotive industry increase cars' average gas mileage 40 per cent over the next four**

**years as some in government want?**

Not unless the government changes some of its current emission and safety standards. But if it does that, I believe the industry can.

**Under present standards, how much can average mileage be increased in four years?**

Not much more. General Motors cars have shown a substantial increase in mileage from the 1974 model year, up as high as 28 per cent. To go for an additional 12 per cent perhaps isn't too great a task, if you use 1974 as a base year. But using the 1975 mileage performance, there's no way to improve gas mileage 40 per cent.

**You mentioned price as a deterrent to sales. Yet the average increase for 1975 models was between \$800 and \$900. Why so much?**

Inflation and the large costs of government-mandated equipment. You know, the industry hasn't recovered all of the cost increases on safety and emission controls in the last few years.





PHOTO, ROBERT BENYAL—BLACK STAR

Edward N. Cole (right) with Douglas Fraser, a vice president of the United Auto Workers. The retired president of General Motors says there is a good union attitude on new labor-saving technology in the automobile industry.

**Not even with that kind of price increase?**

No. As a result of the costs of product improvement—items required by government, such as emission controls and safety features—from 1972 to 1975, average net price to the dealer has gone up \$867, and cost to the manufacturer has gone up \$1,277. The dealers have not passed all of the safety and emission cost increases on to the consumer, so their average markup has been going down. And the manufacturer has only recovered 67.9 per cent of the cost.

That's what is happening to the industry.

It's what has hurt profits, the price of stocks, the health and strength of the whole industry.

**Are the safety features required by the government worth the added cost?**

Not in every case. For instance, bumper standards have nothing to do with safety. It's a matter of damageability—damage to the vehicle in the event of an accident. There's no

way the increased bumper cost can be recovered by the buyer in terms of insurance price reduction.

And the bumpers add about 150 pounds to the weight of the average car. The 1976 model standards will require another 120 pounds. This will require bigger brakes and bigger tires, and it's going to take more gasoline to haul these bumpers around.

The weight of a car has a direct bearing on gasoline mileage. If you increase a car's weight 400 pounds, that's the equivalent of roughly seven tenths of a mile per gallon.

**So you would recommend eliminating bumper standards?**

Not at all. What I would do is take the government standards and bring them back to a level that is reasonable. I believe we need some bumper standards.

**Has Detroit really read the signals of what the public wants in cars? You know the criticism. Detroit met the small foreign car threat with cars like the Falcon and Corvair, but then,**

**when the import threat died down, these cars grew. Then, when the import impact increased again, back came U.S. small cars.**

Well, you've got to remember that we began moving into an inflationary period in the late '50s. Since 1959, material costs have gone up 66 per cent and labor costs 312 per cent. The foreign producers, who didn't have this kind of increase, could undersell the U.S. manufacturers in the small car area—until devaluation of the dollar, and rising costs in Germany and Japan, changed the complexion of things.

The Vega, when we brought it out, had practically no profit margin.

**The first Vegas were marketed at a price close to the break-even point? Why?**

You have to decide whether you're going to be a factor in all phases of the automotive economy. It was apparent from increasing sales of the imported cars that people wanted this type of car, to a degree.

The question was, was it the size of the car or the size of the price they



## What's Ahead for the Auto *continued*

wanted? My guess was the price. GM and other American car builders had to come up with something in this price range.

**Then you believe the U.S. car buyer doesn't really want a small car?**

Don't you believe anything else. It's the size of the price, not the size of the car.

**What about engines of the future? The Wankel, for example.**

The rotary engine is a good engine. It's lighter than the piston type, has fewer moving parts, and is smaller.

If it weren't for the expected future emission standards, the rotary engine would be in production in the United States today.

**In other words, emission standards are holding back its development.**

Not development. They're holding back its use. The other problems with the rotary engine, I think, are completely solvable.

**What about the possibility of some other type of engine—turbine or electric?**

You can forget about an electric car, unless there's a breakthrough in batteries. There's no known battery that can store enough energy for a long enough period, and that has a high enough energy release rate, to make it practical.

And the turbine is fundamentally not acceptable for a passenger car. It has to use 80 to 90 per cent of its power to be efficient. An average car doesn't use more than 15 to 18 per cent of its power in its lifetime; that's because of idling and running at low speeds and things of this type. So you must have an efficient engine that can idle and run the generator, the air-conditioner, the heater and things of this type. The turbine isn't that kind of engine.

**Well, is there anything new on the horizon?**

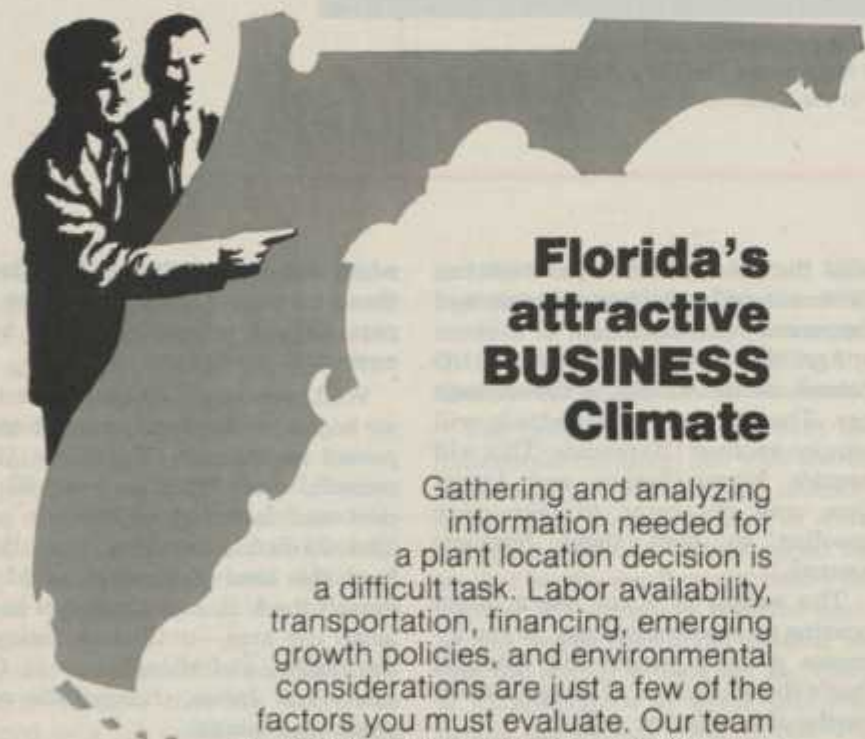
Yes, there is. There is the possibility of a hybrid engine that could be a combination of an Otto cycle—the conventional piston four-stroke engine—and the diesel cycle. But I'd rather not tell you what I know about this because some engineers are working diligently in this area.

**Congress has abolished the required seat-belt interlock system. Is this a change of psychology toward safety?**

There was an attempt to try to regiment the public into protecting itself which was carried to a point where the public was inconvenienced and annoyed—things jerking at you and buzzing at you and preventing you from starting your car. There is a certain degree of freedom that people demand. I think the government simply encroached too much on that degree of freedom.

**It cost about \$40 to \$50 a car for this system, in over 10 million cars. Isn't a \$500 million error a pretty costly one?**

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It's not just the half-billion for the car buyer. Think of the companies that bought new machinery and tools, and employed people. General Motors built a plant in Jackson, Miss., just to make some of the gadgetry that went with this system. What's going to happen to that plant and those people?

#### **Does this suggest something?**

It suggests more thought ought to be given to some of these regulations before they are implemented.

#### **Can synthetic gasoline be made?**

We can make a petroleum substitute, that will run your automobile, out of air and water. Through electrolysis you can separate hydrogen atoms from oxygen atoms. Hydrogen is the energy you're after.

#### **Why isn't it being done?**

It's being done in the laboratory right now. But it's a matter of developing the system, of organization and capital investment.

At some point, I visualize a system where a nuclear plant will be located perhaps 25 miles offshore in the ocean, where it will manufacture the electrical energy to power a city. In periods of low electricity consumption, it will use the energy to separate water into its components of hydrogen and oxygen. Then the hydrogen will be combined with nitrogen to form ammonia, a readily burnable fuel. There are toxicity problems and other concerns with this fuel which I believe can be solved.

However, first you have the investment in nuclear plant and equipment. That is one of the real problems we are into with the various utility companies. They are trying to reach out with new, safe plants that are nonpolluting, and it takes time to develop the technology to do this. They have the government looking down their throats, and the environmentalists are plaguing them.

If you brought a substitute gasoline on the market today and tried to sell it, you couldn't. It would be too dangerous. This is the kind of era we live in. Somebody is going to have to recognize that we will have to take some risks in bringing some of these new things to the market, or some-

body is going to be awfully cold someday.

#### **Do you think this petroleum substitute could be produced at a cost competitive with today's gasoline?**

No. But sometime in the future, as it costs more and more to find and market petroleum products, there is going to be a crossover point.

I would like to see the oil in the ground conserved as much as possible for petrochemical usage. When it is used for petrochemical products it can be recycled. When it is burned in a car there's no recycling—it's gone.

#### **What's happening in automotive factories these days? Are productivity increases slowing down to the point where they will vanish?**

No, I don't believe so. The industry has stagnated in productivity to a degree because it has had to concentrate on emission and safety items to meet government standards, and it hasn't been able to invest in new technology as rapidly as in the past.

#### **Have the unions blocked productivity gains?**

Absolutely not. I feel there is good cooperation from the unions in this regard. When new technology of a labor-saving type is introduced, it's acceptable to the unions because over the years workers have participated in the improvement factor that is built into the industry's wage agreements.

#### **What about the "blue collar blues"? Can the assembly line be replaced?**

No way. There's been a lot of talk about a group assembly, similar to the Volvo system in Sweden. This was actually tried in Detroit.

#### **At General Motors?**

Yes. We tried it on a pilot basis and analyzed it very carefully.

There's the problem of bringing enough material to one location. It takes more floor space—you've got nearly the equivalent of a complete car spread all over the floor. And the quality of the product is questionable. We've found that the more you load up a worker with different jobs, the more chances there are for him to make a mistake.

Also, when you have team assembly, everybody has to be there every day. Suppose one of the team is absent? Or two?

When you look at your work force on a Monday morning and you've got more than 20 per cent of your people absent, you soon realize that you wouldn't build a single automobile that way.

#### **Detroit assembly lines have that many people absent on Mondays?**

Yes, absenteeism then is as high as 20 per cent. And the day after payday, it's similar to that.

Some, such as Sen. Philip Hart [D.-Mich.], say that if GM, Ford and Chrysler were broken up into smaller units, car prices would come down. What do you think?

That's a lot of tommyrot. There is no way that smaller elements of production can reduce prices.

#### **Suppose you didn't have a model change every year. Wouldn't that help cut prices?**

Not really. Only about \$120 per average car goes into model change cost and tools, for high-volume models. Tools wear out and have to be replaced, anyway. You might as well replace them with a different shape or design, or an improvement in processing.

You know, Mr. Ralph Nader confronted me not long ago with what he said was the fact that at a certain foundry, working conditions were very bad. I said: "Well, Mr. Nader, when was the last time you were in a foundry?" And he said: "I've never been in a foundry."

I would say the environment in that foundry is probably better than in some of the workers' homes.

This is the problem. Too many people criticize what industry's doing, and they don't know anything about it. END

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## LABOR'S JERRY WURF:

# Can He Shut Down Your Town?

He heads the country's fastest-growing union, and it spells trouble for the taxpayer and more turmoil in public services

At lunch recently in Washington's Federal City Club, William Howard McClennan, president of the Public Employee Department of the AFL-CIO, paused on the way to his table, kneeled, and kissed the ring of a broad-shouldered man whose intense eyes watched the performance through heavy spectacles.

Curious diners craned to get a look at the object of such homage, then smiled when they recognized him. He was no prince of the Church, nor Mafia godfather, but undeniably he was an influential man.

He was Jerry Wurf, 55-year-old international president of the Washington-based American Federation of State, County and Municipal Employees (AFL-CIO).

Both Mr. McClennan and Mr. Wurf enjoyed the horseplay, but state and local government officials and top union leaders don't consider Mr. Wurf a joking matter.

"You either love him or hate him," one top labor official explains.

An official of the Republican National Committee (Mr. Wurf is a Democrat) warns: "He has this country by the throat."

An exaggeration, perhaps, based on fears that he may call a strike of nonfederal government workers which would paralyze the nation. But the threat of public employee walkouts—legal or not—is no figment of the imagination.

Though Mr. Wurf says everyone loses in strikes, he is militant about alleged denials of justice at the bargaining table. "If that means strike," he says, "then that's what it will be."

AFL-CIO President George Meany also argues that if public employees feel their case is just they should strike, even though they don't have the legal right to do so in 43 states (and only in some areas or occupations in the others—Alaska, Hawaii, Minnesota, Montana, Oregon, Pennsylvania and Vermont).

Walkouts by public workers affect everyone personally and can quickly bring many businesses to a near-standstill.

They have meant mountains of garbage and trash, no fire fighting service or police protection, stalled transportation systems, and restrictions in hospital care and other services paid for by citizens' and businesses' taxes.

Not only can such strikes cause harm to citizens—endangering their livelihoods, their safety, their health, even their lives—that far outweigh possible benefits to workers who walk out, but they give powers to union leaders more properly in the province of the people's elected officials, it's pointed out.

But Jerry Wurf wants such strikes legalized on a national basis, for federal workers as well as state and local employees.

It's a position that makes this labor leader, known as a tough opponent out of the old mold—he's not the latter-day type who socializes with his counterparts on the other side in the bargaining—a generally unpopular figure with state, county and municipal officials.

Also contributing to this lack of popularity is his intention to get more white collar and professional

employees into his basically blue collar (and predominantly nonunionized) union, possibly spelling all sorts of bargaining trouble ahead.

His plans for multi-employer bargaining, which raise the specter of strikes in a number of areas at once, are another factor. "It is time," he says, "to begin pressing hard for bargaining on a regional or cross-jurisdictional basis. If the clothing workers, the teamsters, restaurant employees and other private sector unions can overcome corporate and geographic barriers to multi-employer bargaining, so can we."

As if all that isn't enough, Mr. Wurf can be a thorn in the official's—and taxpayer's—sides with contract demands. His union has won thumping wage and extra benefit increases at the bargaining table, but it wants much more—including cost-of-living escalators in every contract.

An example of AFSCME's cost to taxpayers is offered by this union comparison between wages of AFSCME members who are state employees in Pennsylvania, and of holders of similar state jobs in neighboring Maryland who belong to other unions or are non-union:

Clerk-typists for the State of Pennsylvania are paid from \$6,416 to \$8,039 a year while their non-

---

*Labor leader Jerry Wurf has his home wired like a military command post so he can be immediately reached by phone by his own staff or by the officers of over 2,600 locals in the 50 states, Puerto Rico and the Panama Canal Zone.*







## Can He Shut Down Your Town? *continued*

PHOTO: BOB WILLIAMS—MEMPHIS COMMERCIAL APPEAL



*When negotiations reached an impasse in Memphis in 1968, Jerry Wurf (far right) was there in the midst of the turmoil. He marched alongside the Rev. Martin Luther King Jr. (speaking). Some 40 per cent of the members of Mr. Wurf's union are members of minority groups.*

AFSCME counterparts in Maryland make from \$5,094 to \$6,695. AFSCME members whom the union categorizes as equipment operators make from \$4.34 to \$5.40 an hour while non-AFSCME members who work for Maryland in similar jobs get from \$3.47 to \$4.56. Laborers in Pennsylvania draw from \$3.37 to \$4.16 hourly, while non-AFSCME laborers in Maryland draw from \$2.45 to \$3.22.

In most such cases, Mr. Wurf is not at the bargaining table himself, but behind the scenes. However, when negotiations reach an impasse, as they did in Memphis in 1968—in the sanitation workers' strike which brought Rev. Martin Luther King Jr. to that city and to assassination—he's willing to be visible. Mr. Wurf was arrested, fined, and held a few hours for contempt of court. In a Baltimore sanitation workers' and policemen's strike last summer he put in a lengthy appearance and clashed loudly with city officials and Gov. Marvin Mandel. Again, he was arrested—this time on a charge of ob-

structing citizens who were trying to dump garbage—and detained briefly.

Though government officials can find Mr. Wurf offensive, they can also find him charming and cooperative. He's a welcome ally when it comes to plumping for federal revenue-sharing and acquiring funds for public sector jobs.

Jerry Wurf's AFSCME, which has more than 700,000 members, is the fifth largest union in the AFL-CIO and the fastest growing in the nation, gaining some 1,000 members a week. In mid-January Mr. Wurf signaled an acceleration in its membership drive with the announcement that Jack T. Conway, president of Common Cause, the "citizens lobby," was to become the union's executive director. A former Walter Reuther lieutenant in the United Auto Workers and AFL-CIO official, later a deputy director of the Office of Economic Opportunity in the Johnson Administration, Mr. Conway is a skilled organizer.

As AFSCME's highest nonelected officer, he will oversee collective bar-

gaining, organizing, membership and training services of the union's 2,600-plus locals and 80 district councils in the 50 states, Puerto Rico and Panama.

### Disunity among unions

Mr. Wurf is not only a credible threat to government officials, particularly big city mayors, he's an aggravation to many in the AFL-CIO hierarchy because he wants labor movement reforms which would result in some of them losing their jobs.

One of 33 international union officials on the AFL-CIO executive council, which establishes overall policy, he is sometimes outvoted 32 to one. He is known on the council for a rip-roaring temper and a rich mixture of invective. Associates say that when he's "baited" by his opponents these days he shows restraint. Yet he is still a master of scorn. Describing one adversary in labor ranks, Mr. Wurf says: "He's a total follower—the most abject subject in the AFL-CIO."

Jurisdiction is one subject he pur-



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## Can He Shut Down Your Town? *continued*

sues doggedly. Many growth-seeking unions, having just about exhausted their possibilities among their traditional crafts or trades, hungrily turn toward recruiting public employees. Mr. Wurf thunders that this is blatant piracy.

And there are unions in the AFL-CIO, such as the American Federation of Teachers, which vehemently object to his handholding with competitive organizations like the 1.6 million-strong National Education Association.

In 1972 Mr. Wurf was the organizing force behind a coalition of his union, NEA, the International Association of Fire Fighters (AFL-CIO) and the small, independent National Treasury Employees Union into CAPE—Coalition of American Public Employees. CAPE, now operating in 15 states, could bring massive pressure through strikes by a variety of workers. Mr. Wurf says he is trying to bring more employee groups into its fold.

There isn't any love lost between Jerry Wurf's AFSCME and many of the other 26 unions that are its fellow members of the AFL-CIO's Public Employee Department, which was organized last November.

Of the 2.5 million workers whose unions are in the department, nearly a third belong to AFSCME. It might be expected that the head of the largest union would be elected president, but Mr. Wurf wasn't.

His adversaries in the AFL-CIO see this as a monumental defeat for him, but he professes to see it otherwise. He claims the department's creation was a victory for CAPE, because it was CAPE that forced the AFL-CIO executive council to move.

Although Mr. Wurf wasn't elected, neither was one of his opponents. Instead, the post went to Mr. McClenan, he of the ring-kissing at the Federal City Club. Mr. McClenan, who is international president of the Fire Fighters, had pulled his union out of CAPE some months before the department was formed. He's on good terms both with Mr. Wurf and the old guard.

AFSCME Secretary-Treasurer William Lucy usually represents Mr. Wurf's union in the department meetings. Mr. Wurf denies he is boy-

cotting the meetings, but his absence adds fuel to rumors that he may someday lead his union out of the AFL-CIO.

"I hope not," says Mr. Wurf. "I'm deeply committed to the trade union center concept. I'm in the AFL-CIO because I believe in it and its goals. Just because you don't march to the drum doesn't mean



*To the delight of wife Mildred (rear), Mr. Wurf reserves time for their children, Abigail (left) and Nicholas.*

you're disloyal, despite what some people might think. If we disagree we're going to work to change it within the system—so long as we are able to ventilate our views."

Arguing for consolidation of unions, he says there are too many, both in the AFL-CIO—113—and outside, such as the Auto Workers, Mine Workers and Teamsters. He complains that they spend "too much of their time and energies in warfare against each other and against us."

### City Hall to Capitol Hill

During the first years of his AFSCME presidency, Mr. Wurf's attention was directed toward internal affairs of the union, restructuring it for growth, and toward political activity directed at statehouses and mayors' offices.

But in recent years, Mr. Wurf has decided there is as much of a ball game in Washington as in the city halls and statehouses, and has built

a highly effective legislative and lobbying operation under William B. Welsh, onetime administrative aide to Sen. Hubert Humphrey. These days, with Mr. Conway on board as AFSCME executive director, Mr. Wurf can turn his attention to such matters as national legislation that would require governments to permit collective bargaining and would provide alternatives, such as arbitration, to forestall government workers' strikes against "the public safety."

AFSCME's executive council took a plunge into national politics in '72 with an endorsement of Sen. Edmund Muskie for the Presidency. When the Democratic Party nominated Sen. George McGovern, and some union leaders took a pox-on-both-your-houses attitude toward him and Richard Nixon, Mr. Wurf stayed loyal to the Democrats and actively supported their nominee.

The union has a political action organization known as PEOPLE—Public Employees Organized to Promote Legislative Equality. (PEOPLE says that 70 per cent of all candidates it supported in the last elections won, including 90 per cent of those it endorsed for state legislatures. In the final tally, the union claimed 12 Governors, 13 U.S. Senators and 60 U.S. Representatives.)

### Business background

Jerry Wurf was born in New York City. His father was a textile jobber; his mother married her boss. There was a younger brother, Al (who today is an AFSCME official in New York State). Home was a spacious apartment in the Bronx.

In 1923, four-year-old Jerry was downed by polio. His left leg was weakened and left four inches shorter than the right, requiring him to wear a built-up shoe ever since.

His father died when he was 11; his mother later married a small businessman. They moved to Brooklyn and to this day Jerry Wurf considers it his hometown. The old Brooklyn Dodgers were his idols and baseball was one sandlot game he could play despite his handicap.

"I was a good long-ball hitter," he recalls. "But I was still one of the last guys to be picked for the team."

He always "wanted to be like the



other guys." In high school, they discovered girls and began preening and strutting, he recalls with a chuckle. Since he couldn't strut well, he turned to books, concentrating on biographies, economics and politics. A radical was born.

"The most important thing in my life then was the Young People's Socialist League," he says.

He may have been enamored of socialism, but he was a bitter enemy of communism.

"While there weren't many commies in Brooklyn, they were noisy," he says. "I spent a lot of time and effort in fighting them. They were a totalitarian group and represented a suppressive society. I was radicalized, but not at the expense of lacking concern for the basic premises of freedom. That's why Eugene Debs, the socialist leader, was a hero of mine. He never became a zealot and was never taken in by the communists. He remained a very American man."

Mr. Wurf has never lost his antipathy to communism, but his ardor for socialism has long since cooled. This, he says, is his basic philosophy:

"Our labor movement in America is different than any other. In the other free societies the labor unions are in opposition to the free enterprise or capitalistic system. Ours is the only labor movement in the whole world that has a commitment to the free enterprise system."

Mr. Wurf went to New York University after finishing high school. Times grew tougher for his family in the late '30s, and he transferred to night school.

He worked at what jobs he could get in cafeterias, as a dishwasher, counterman or cashier.

In 1940, life reached a milestone. A friend was starting a union to organize restaurants in his section of Brooklyn. Mr. Wurf eagerly joined him, abandoning his quest for a degree at NYU.

He spent his daylight hours organizing and at night worked in restaurants outside the area.

By the end of World War II an early marriage (one daughter) had ended in divorce, the friend had departed and Mr. Wurf had his own union of several hundred food check-

ers and cashiers. He merged it with a larger union, and became a paid staffer.

Those were years of conflict, Mr. Wurf recalls. "I wasn't a favorite with the union leaders. I was more articulate, better educated and always shooting my mouth off about the trade union movement. I made them nervous. They were afraid they might lose their union jobs and have to go back to washing dishes."

The dissident was at a crossroads in 1947 when he met Arnold Zander, president of the American Federation of State, County and Municipal Employees, then only 100,000 strong but beginning to flex its muscles.

New York City employees were the selected target. Mr. Zander, impressed with the combative 27-year-old Mr. Wurf, hired him as an organizer on the union's international staff at \$3,120 a year.

A memento of those days, his first payroll record, hangs framed in his office. Today, his salary is \$60,000.

Mr. Wurf was highly effective at organizing in New York City and became a trusted lieutenant of the union leader, moving into progressively higher AFSCME posts. He admits that in the early days he was Mr. Zander's "hatchet man" and "had to do a lot of things that didn't make me the most popular guy."

Yet he gained the trust of dissidents in the union and became a challenger for the presidency in 1962, losing by a handful of votes. In 1964, his slate was victorious and he was head of a union with a membership of over 200,000.

### Home is a command post

Mr. Wurf met his second wife while he was executive director of the union's big District 37 in New York City. She was working on the staff. They have a son and daughter and today she has a career as a consultant to volunteer groups.

"She's still trying to save the world," he says fondly. "I gave up on that years ago."

Has he changed much? Asked that question, the former Mildred Kiefer of San Francisco, promptly answers: "No."

The union, she says, is never far from his thoughts. Take what hap-

pened on their honeymoon in Mexico City.

Difficult negotiations had stalled when they left New York. Municipal negotiators reopened talks, confident that Mr. Wurf, tough at the bargaining table, wouldn't interrupt his honeymoon. Wrong. He parked his bride, hopped a flight to New York, sat in on the sessions and flew back two days later.

"I wasn't a bit surprised, or dismayed he'd do that," she says.

Last summer, the Wurfs rented a cottage on Cape Cod for a month. Mr. Wurf stayed close to the phone for three weeks, finally venturing to the beach during the fourth week—since the phone wasn't ringing, he decided, capable people were handling things back in Washington.

Mr. Wurf is almost rabid on communications. His wife recalls a late call one night and his insistence that she get another official on the phone while he talked to the caller. It took a bit of doing to break through his thundering anger to remind him that they only had one phone line.

After that, he had five more lines installed, making his home a better command post.

Home is a rambling three-story brick house in Washington's old but still fashionable Cleveland Park section. It's furnished unpretentiously and comfortably. A library contains Mr. Wurf's stereo—music is his relaxation. (His taste runs from New Orleans jazz to Beethoven, with a partiality to classical guitar.)

Mrs. Wurf says her husband is a very fortunate person in knowing what he wanted to do in life and being able to do it. What he has planned for the future is what worries a lot of people.

There are, according to the 1972 Census, some 8.6 million full-time state and local government employees. About half are organized—teachers, uniformed employees (such as police and fire fighters) and the 700,000-plus members of AFSCME. That leaves roughly 4.3 million prospective members.

Mr. Wurf wants them.

Conceivably, the day could come when he could close down the states, the cities, maybe everything, if he had a mind to. —GROVER HEIMAN







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# The Birth of Our Biggest Growth Industry

John Adams said it would be no more than a "diplomatic assembly."

But the rush of events heralding the oncoming revolution was such that the Continental Congress became a de facto government.

And therein lay the seeds of today's vast federal bureaucracy.

It may be argued that the bureaucracy can be traced back only to the beginning of our constitutional government in March of 1789. But it was at the Continental Congress that, for the first time, officials and agencies were designated to serve the collective interests of all the colonies, independently of the British.

Here is a look at a few of the seeds sown in Continental Congress resolutions, and what they have grown into (current figures are from the federal budget for the 1974-75 fiscal year):

JULY 25, 1775. "On Motion, Resolved, That Mr. Samuel Adams, Mr. Lee and Mr. J. Rutledge, with the secretary, be a committee to revise the Journal of this Congress, and prepare it for the press."  
*Current budget, Government Printing Office: \$152 million.*

Nov. 22, 1775. "[Resolved] That the inhabitants of the island of Bermuda appear friendly to the cause of America, and ought to be supplied with such and so great a quantity of the produce of these colonies as may be necessary for their subsistence and home consumption; that in the opinion of this committee they will annually require for the purposes aforesaid 72,000 bushels of Indian corn, 2,000 barrels of bread or flour, 1,000 barrels of beef or pork, 2,100 bushels

of peas or beans and 300 tierces of rice."

*Current spending for foreign aid: \$4.9 billion.*

JAN. 22, 1776. "Resolved, That the President be empowered to employ a private secretary, to be paid by the United Colonies."  
*Current budget, Executive Office of the President: \$101 million.*

FEB. 21, 1776. "[Resolved] That Michael Hillegas, Richard Bache and Stephen Pascall, Esqrs., be appointed and authorized to inspect the [currency] press; that each of the said inspectors, respectively, shall be allowed two dollars a day for their services while they shall be employed in inspecting the press..."  
*Current budget, Bureau of Engraving and Printing, and Bureau of the Mint: \$142 million.*

FEB. 23, 1776. "Resolved, That the committee for superintending the Treasury be authorized to employ one or more clerks for stating, keeping and liquidating the public accounts under their direction, and to provide books and a suitable office for that purpose."  
*Current budget, Bureau of Accounts, Treasury Department: \$267 million.*

MAY 14, 1776. "Resolved, That the Committee appointed to contract for the making of Cannon be directed to employ proper persons to attend and see the Cannon proved. That an order for 2,000 dollars be drawn on the Treasurers in favour of the Committee..."  
*Current budget for research and development, testing and evaluation,*

*Department of Defense: \$8.6 billion.*

SEPT. 19, 1776. "...To assist the president of Dartmouth College, in New-Hampshire, in maintaining their youth, who are now there under his tuition, and whom the revenues of the college are not at this time sufficient to support; [resolved] that, for this purpose, 500 dollars be paid to the Rev. Eleazer Wheelock, president of the said college."  
*Current budget, federal aid to education: \$7.6 billion.*

SEPT. 26 and 28, 1776. "... Congress proceeded to the appointment of commissioners to the court of France. ... Mr. Franklin, Mr. Deane and Mr. Jefferson were elected. ... [Resolved] That the Secretary of the Embassy be allowed a Salary of one thousand pounds sterling per annum, with the expences of his passage out and home."  
*Current budget, Department of State: \$706 million.*

OCT. 2, 1776. "Resolved, That a committee of three be appointed to consider of a plan for providing carriages for the public service, so as any demands may be speedily complied with, and all oppression of private persons effectually prevented."  
*Current budget, Interstate Commerce Commission: \$43 million.*

OCT. 3, 1776. "Resolved, that five millions of continental dollars be immediately borrowed for the use of the United States."  
*Current federal debt: \$538.5 billion (and President Ford has asked Congress to raise the legal limit to \$605.9 billion).* —MERRITT HERLEY



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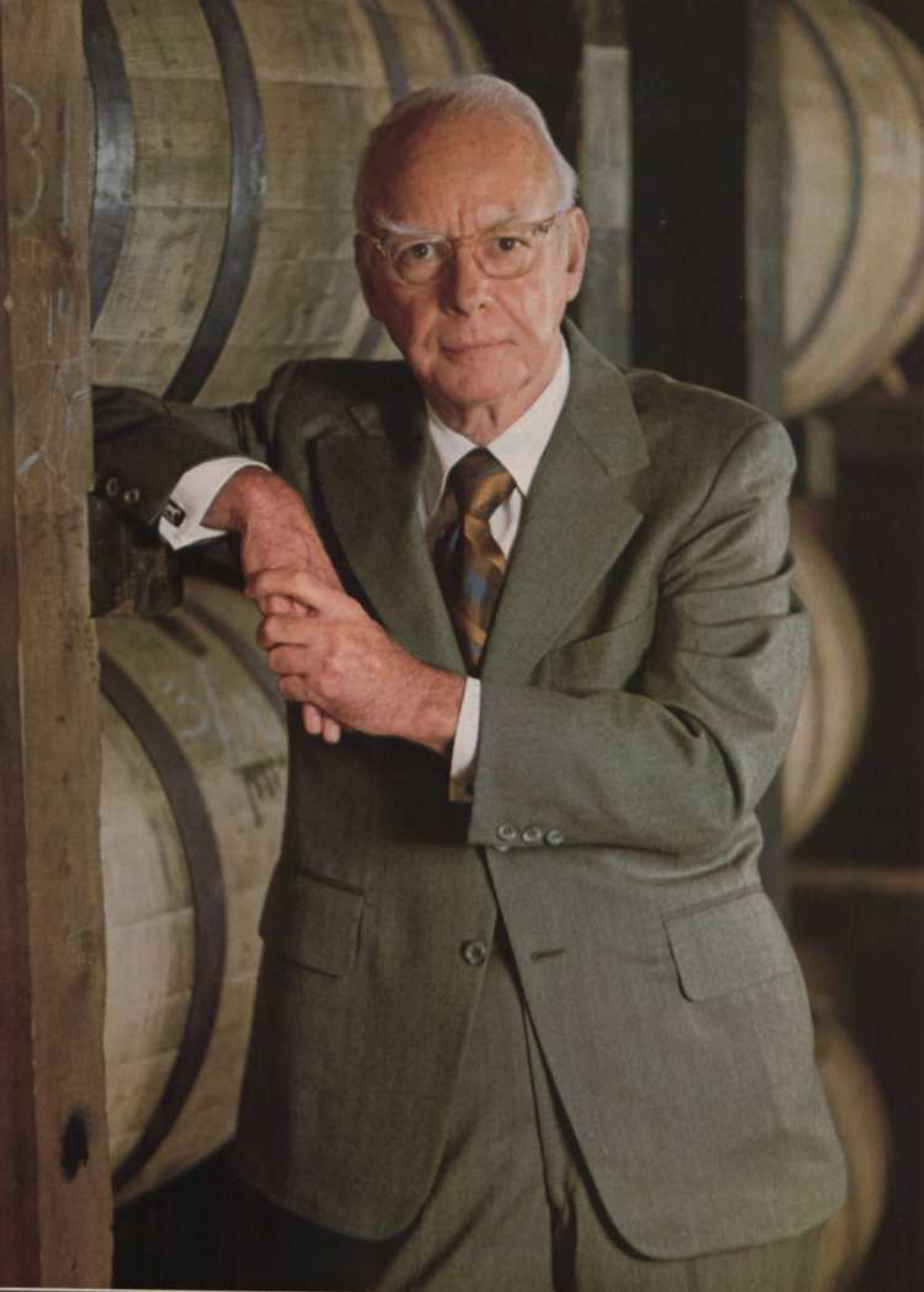
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# William F. Lucas of Brown-Forman

## Good reason to be in good spirits

Under bygone customs, William F. Lucas would never have reached the spot in the world of whisky that he now occupies.

He has become president and chief executive officer of Brown-Forman Distillers Corp., of Louisville, Ky., even though he was not a member of the Brown family, which is, and always has been, in tight financial control of the company.

He was the first man not named Brown to be the firm's chief executive. He didn't marry into the Brown family. He wasn't even a Kentuckian—he was from Charleston, S.C. And, he came up through production and finance, not through the usual channels of sales and marketing.

Mr. Lucas got to the top because the Browns are smart—they picked the shrewdest man around. With him up there, the company, whose sales are above \$300 million a year, is expanding lines, turning out new products as tastes change, improving processes and installations, and making record profits.

Born in 1910, Mr. Lucas joined Brown-Forman as an engineer in

1935. He became president in 1969.

He has helped the company develop from a distiller of just one product—Old Forester bourbon—into a multiline firm turning out, among other libations, Jack Daniel's Tennessee Whiskey, Early Times bourbon, Canadian Mist whisky, and domestic champagne; and handling imports and distribution of Usher's Green Stripe, Ambassador and Chequers Scotches; Martell brandies; Old Bushmills Irish; Bols liqueurs; Pepe Lopez tequila; and assorted wines.

Besides other business interests and several directorships, Mr. Lucas is a former president of the Kentucky Thoroughbred Breeders Association and a present member of the Kentucky State Racing Commission. He and his wife, the former Frances Nelson, have two children. A son, William N. Lucas, is director of engineering for Brown-Forman. A daughter, Mrs. John L. Richards, is a flying instructor and charter pilot who is one of only 95 American women who are airline transport-rated (the highest flight certificate).

Mr. Lucas and Brown-Forman Chairman Robinson S. Brown Jr. rule their company from one of the most elegant executive suites in American business.

Devoted to the art of making fine whisky, Mr. Lucas loves to quote an old Kentucky saying: "A fifth of whisky is un-American, a quart is for giving away, but when a man wants a drink he should have a big enough bottle so that he can pour himself a goodly dollop and not see the level go down."

Here, in an interview with a NATION'S BUSINESS editor, he discusses his industry, his company and himself:

*Mr. Lucas, what would life be like without a nip of whisky on proper occasions?*

I'd hate to get up in the morning and think I was not going to be made to feel better with a nip in the evening. I think whisky is a great addition to anyone's life. But, of course, I'm somewhat biased.

*What would happen in that citadel of*





William F. Lucas often goes flying with his daughter, Mrs. John L. Richards, who is the only Kentucky woman certified as an airline transport pilot. His son, William N., is Brown-Forman's director of engineering.

bourbon, the Pendennis Club here in Louisville, if a man ordered a Scotch and soda or an Irish on the rocks?

The club is broadminded. You can get anything you wish there.

Speaking of bourbon—a nice thing to speak of—once, years ago, Owsley Brown, then head of Brown-Forman, distiller of Old Forester, walked into the club with Pappy Van Winkle, head of Stitzel Weller, distiller of Old Fitzgerald. The bartender immediately picked up bottles of Old Fitzgerald and Old Forester and mixed them half and half in glasses for each gentleman.

I thought that was broadminded.

Old-time whisky salesmen used to slip nails into the barrels of their competitors' products. You don't do things like that now, do you?

No. That hasn't been done for many years.

You know, when you put anything made from iron in whisky, it turns the whisky jet black.

Many years ago, all whisky was

sold by the barrel and bartenders would draw off a little at a time and put it in fancy bar bottles with the bar's name on it. Garvin Brown, who founded Brown-Forman, was the first man to actually put whisky in bottles at the distillery, and cork and seal them.

That was in 1870.

On the seal he wrote that you should not accept the whisky if the seal was broken. He also wrote out all labels by hand. They guaranteed the whisky.

We still use those labels, only we print them now.

We've had other firsts. We not only were the first to put whisky in half-gallon bottles that you could lift up and pour from without using a cradle, we were first to put whisky in decanters. That was in 1905, and Old Forester went into pear-shaped bottles.

Mr. Lucas, my doctor says two drinks a day are good for the health.

I agree, certainly. Before Prohibi-

tion, Brown-Forman had billboards that said:

"Many, many times a day,  
Eminent physicians say,  
Old Forester will life prolong  
And make old age hale and strong."

What did the company do during Prohibition?

Brown-Forman was the only major distiller, I believe, to operate continuously throughout Prohibition, bottling and selling Old Forester for medicinal purposes. It was one of only four distillers to get a permit for the distilling of whisky for medicinal purposes during Prohibition.

Do you think we will ever have Prohibition again?

No. Most of us have learned that you cannot prohibit people from drinking. During Prohibition we had bootlegging, gangsterism and so on—resulting from trying to prohibit people from doing what they wanted to do. Now, we have a fine, large industry. It's well-regulated and a very large taxpayer.

Of course, a lot of states still have local options to outlaw liquor sales, and many areas do. Kentucky, the home of bourbon, is one such state. Here in Louisville there's a precinct in the West End where no whisky is sold. It's about six or eight blocks square.

Is alcoholism much of a problem among your employees?

We have less alcoholism among our employees than other industries. We select our people carefully. There is really no more reason for a worker to drink whisky here than there would be for a man to drink Coca-Colas if he worked for Coca-Cola. Our employees cannot, by law, get whisky they helped to produce in any way, except at a retail store and at the price set by the Kentucky Fair Trade Law.

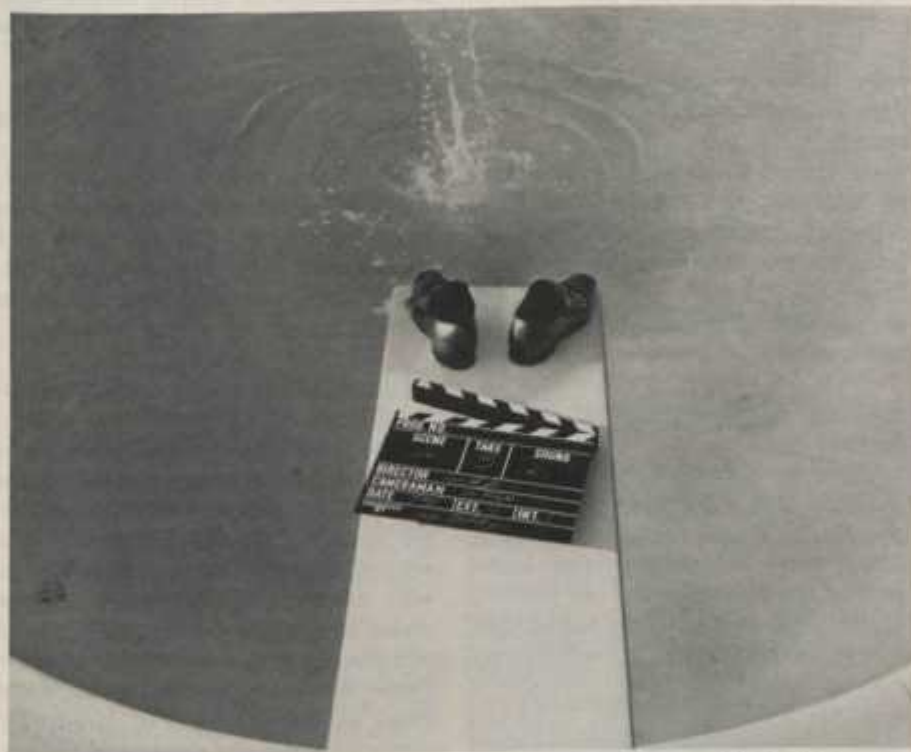
Which do you think is best—state alcohol beverage control stores, or privately owned liquor stores?

I think it's bad for state or federal governments to be involved in private business.

There is no more reason to have whisky sold only in state stores than



# EXECUTIVE LEAPS! TV VIEWERS STREAM TO SITE.



"If you want your commercial to sell, you've got to go in with a big splash," says Richmond, Virginia, adman Gerry Boehling.

"So when my client, JoPa Pools, made the leap to TV, creating a memorable spot was our prime objective. Farrar Pace, president of JoPa, wanted to buck the seasonal

sales trend and extend his building and selling activity into the winter.

"I wrote, produced, and did the voice-over for a 30-second spot where a hand-held camera acted as the viewer's eye. It took him or her through a gate into a beautiful backyard, and ended with a dive in the pool. I don't know if it's the magic of

television with sight and sound or what, but that commercial brought in business from as far as 100 miles away. And we did better than we've ever done before.

"We shot in 16 mm film for two reasons. The portability. And the clarity. We knew we'd have a fair amount of takes to get the feeling we wanted. The film we used was Eastman film. My cinematographer has covered half the world, and that's the only film he uses.

"A lot of agencies have long philosophies on creativity. All I say is this: the purpose of business is profit. That's what our clients are in business for. That's why we create around the sell. If you're ever in Richmond, I'll be glad to elaborate. We're always looking for new business."



## FILM SELLS.

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## William F. Lucas *continued*

for the states to be operating filling stations.

With privately owned stores, everyone is competitive and the buyer can get the lowest price for any given item. Whereas, in state-owned operations, the distiller sells direct to the state and the state government marks up the price as it sees fit.

*Does Brown-Forman approve or disapprove of its employees having a drink at lunch?*

We don't take a position on that but we do on an employee drinking on the job. We won't have it. We realize, of course, that in some lines of endeavor, such as sales, a drink with someone at lunch can be perfectly satisfactory.

*Some people say light whisky is turned out so that distillers can make their whisky go further. Is this true?*

No. Light whisky, by definition, is a whisky distilled with a high proof and stored in a used barrel—the word light refers to the type or body of the whisky rather than the color.

Brown-Forman and other distillers came out several years ago with light whiskies which were supposed to compete with Scotch and Canadian whiskies, and with some blends. Ours was named Frost 8/80.

We tested it. We researched it. We liked it. We sold it to distributors. They liked it and sold it to retailers. They liked it. Everybody liked it except the customer.

The customer could not place it. He was accustomed to having his whisky with color. Because of its taste he couldn't associate it with gin or vodka, which are clear. We soon discontinued it.

*Is your industry heading toward more 80 proof, and less 86 and 100 proof, whisky?*

Originally, almost all bourbon was 100 and most Scotch was 86. There is now a trend toward 80 proof.

The proof of most bourbons has dropped to equal the 86 of most Scotches. A competing bourbon, Jim Beam, has now gone to 80 proof without any problems, so I think we may have a trend. Brown-Forman will have market tests for 80 proof soon.

This trend in whisky matches the

trend in foods. For example, you don't see many people eating heavy pig's-knuckles-and-sauerkraut lunches these days.

*How do the various types of liquor stack up in popularity in this country?*

Bourbon has outsold other types, but last year, vodka, which has been gaining rapidly for 15 years, was about even with it in sales—low-priced bourbons have slipped in popularity. And vodka may pass bourbon this year. After bourbon and vodka come the blends, then Scotch, then Canadian and then gin.

*What about the general sag in business we're experiencing? Will people buy less expensive whisky?*

We haven't found that so far, though in recessions there's a tendency to buy smaller sizes, and some people—not many—will switch brands.

One trend we note in our business, by the way, is for people to drink different drinks on different occasions—a martini before lunch, bourbon before dinner and possibly a cognac after dinner, a Bloody Mary at brunch.

*Whatever happened to plastic whisky bottles?*

They were great for a time. They weighed less than glass bottles and our Early Times sold well in them. Then, tests indicated a loose molecule of the plastic might get into the whisky if it had too long a shelf life. So the government stopped the usage.

*What's the difference between Tennessee whiskey and bourbon?*

The difference is what's known as the Lincoln County—Tennessee—Process, which is taking the completed bourbon and dripping it down through various deep maple charcoal beds prior to barreling it. Our Jack Daniel's uses this process.

*Why is the word "old" used so often in whisky—Old Forester, Old Fitzgerald, Old Taylor, Old Overholt?*

When whisky is first made it tastes entirely different from the whisky you buy. The aging process is part of the making of whisky. Before Pro-

hibition, when warehouses were not heated, you quite often would get a bottle of whisky with the phrase, "17 summers old," or "21 summers old," on the label—"summers" because the makers realized that whisky doesn't age except in warm months.

So people began thinking good whisky had to be old. Thus the name Old Forester, meaning it wasn't new whisky.

Nowadays, with heat-and-humidity-controlled warehouses, you get the aging process around the calendar. We don't need 12 years, each with only four summer months. We can age whisky properly in five or six years. It's like baking biscuits. We can speed up the aging on some floors of warehouses by turning up the heat, or we can cool them to slow the aging.

*Isn't whisky the most heavily taxed consumer product?*

Yes. Then comes tobacco.

The tax on distilled spirits amounts to approximately 50 per cent of total sales. If we do \$300 million in sales, we pay \$150 million in various taxes.

*Is distilling the most heavily regulated industry?*

Yes. Not only by the federal government, but by every state. Even advertising is rigidly regulated. Ads we write have to meet 35 different sets of state rules. In some states, you can't advertise at all. Some states say you cannot put a bottle of whisky in the window of a store. Some states say you can't show the price in the window. In Kentucky, you can't show the amount of the tax.

*Brown-Forman has had record profits for 16 straight years. Why?*

The reasons go back a generation to when Owsley Brown was running the firm. He said first that you had to have a good product, or you were dead; second, that you had to have good management in every division of the company—in advertising, sales, marketing, production; and third, that you had to have depth of management—a backup team. And, finally, you had to maintain the business on a high level of integrity.

In 1945 we started our annual em-





# One Button Digital<sup>TM</sup>

*America's newest solid-state L.E.D. quartz watch simplifies data retrieval and introduces a new light-sensing readout.*

The computer watch of the future is here now! JS&A proudly introduces the One Button Digital—the first light-sensing, one button control, solid-state L.E.D. watch.

Solid-state L.E.D. digital watches are great fun. With the older crop of watches, you'd press one button and get the hours and minutes, you'd press another button and get the seconds, and you'd press either a third button or a combination of buttons and get the date.

But with all its space-age appeal, the solid state L.E.D. watch had its disadvantages: 1) too many buttons to press and 2) too difficult to read in bright light. JS&A's One Button Digital has changed all that.

Now you can press a button once and get the hours and minutes. Keep the same button depressed, and the seconds appear. Press the same button twice, and the month and date appear. In short, you control all functions of your watch from one central button.

## LIGHT-SENSING BRAIN

Built into each watch is a light-sensor that measures the exact amount of available light and then controls the intensity of the light-emitting diode (L.E.D.) display. In a bright room the display will brighten; in a dark room the display will dim. This extra feature makes the One Button Digital the easiest watch to read under almost any lighting conditions. It is also a battery-saving feature since the light sensor limits the brightness of the display in low-light conditions and consequently reduces the amount of power needed to illuminate the display. With average usage, the batteries should last over one full year without replacement, and batteries are commercially available at any jewelry store.

## BUT THERE'S MUCH MORE

You set your watch by inserting any ball point pen into a special recessed switch. Setting the exact time and date takes a matter of seconds, and no special tool is required. The watch is programmed to remember the days in each of the twelve months so that once the date is set, there's no need to change it each month.

## THE MIRACLE OF SPACE-AGE ELECTRONICS

JS&A's new solid-state digital watch is the newest of the space-age quartz computer timepieces. Quartz oscillates at a precise 32,768 oscillations per second. In the One Button Digital, one micro-integrated circuit containing over 1,000 tiny transistors translates the precise quartz crystal oscillations into an equally precise digital readout of time. The One Button Digital has an accuracy range of better than one minute per year and has no moving parts to lubricate, wear out, or adjust. It's literally trouble-free and comes with a one year parts and labor warranty backed by our national service-by-mail facility.

American watch technology has reached a milestone with the introduction of our One Button Digital. Now, in one handsomely-styled, elegant piece of jewelry, you have the latest solid-state, space-age achievement at a price you can afford.



*Keep the button depressed and the One Button Digital automatically switches from hours and minutes to display the seconds. Press the button twice and the month and day are displayed.*

You may even charge your watch to your American Express, Diners Club, BankAmericard, or Master Charge credit card account by calling our toll-free number below, or you can send us your check for \$102.45 (\$99.95 plus \$2.50 postage and handling—Illinois residents add 5% sales tax), and your gold-plated watch and matching bracelet will be sent to you by return mail.



*The new One Button Digital is thin when compared to most solid-state quartz watches. Its sleek lines and handsome case make it the perfect gift for the discriminating executive.*

JS&A is America's largest single source of electronic calculators and other space-age consumer products. We pride ourselves on the finest service, the most advanced products and the best value. If you are not absolutely convinced that the One Button Digital is the nation's best digital watch value, return it within two weeks for a prompt and courteous refund. You can't lose.

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Now is your opportunity to purchase America's most exciting new space-age product at the best possible price. Call our toll-free number and order your One Button Digital at no obligation today.

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## William F. Lucas *continued*

ployee training courses for 10 to 20 selected individuals. They work the whole company—in operations, sales and other areas. We eventually lose about half of them to other companies, but the half we retain are adequate to supply us with good managers. They give us a broad base for our management pyramid.

*Brown-Forman believes in promoting from within?*

We certainly do. We move our people horizontally as well as upward in the pyramid so they get experience in various divisions.

In the last 15 years we have employed only three top people from outside the company. When we bought Canadian Mist, we brought in the man who was already handling the marketing. When we went into wines, we hired a wine expert. And, we reemployed a man for brand management who had left us to go into advertising.

We're all set up with a depth of management that will last until 2010 AD.

*Don't you deny yourself access to some awfully good talent by not going outside more often for good people?*

Well, our training methods plus our hiring of good young people and giving them fine opportunities have paid off. Our young people know that no one will be slipped in ahead of them, so they show ambition and work hard.

*And nepotism—you believe in that?*

Yes. We set a rule in 1945: "Believe in nepotism." If you have a good race horse, he will probably produce good little race horses. So, our rule is that if an executive has a son, we'd like him to work for us, too—only he has to get two university degrees. He must get one before he joins Brown-Forman and he must get a graduate degree also, very soon.

*Brown-Forman is the only major distillery operated for over 100 years by the same family?*

Yes, for 105 years the Brown family has had control. The Formans dropped out early. The corporation



Mr. Lucas is a planner for the future and when he retires he will have horse breeding and racing, boating, and a new hobby, golf, to occupy him. His farm is pure Kentucky—thoroughbreds, white board fences and bluegrass.

has been publicly held since 1933, but the Browns control it. Before 1933 the whole company belonged to Owsley Brown.

*Describe briefly your committee system of management.*

It goes back to World War II, when our Executive Committee called an important shot perfectly.

No more alcoholic beverages could be made during the war. We produced alcohol for the making of gunpowder and rubber. The Committee considered that it takes four years, at least, to age whisky, and correctly decided that the war would last until 1945.

Therefore, no new whisky would be available until 1949—four years after the war. We hit it on the nose and, by parceling out stocks of whisky to last the whole period, we stayed in business.

I was in engineering but I was also secretary to the Executive Committee. The Committee was so successful in that key decision that the

company soon created a Finance Committee, and then a Marketing Committee and Production Committee.

*Are these groups composed of full-time company people?*

Yes. The only Board of Directors members on them are also full-time company employees.

*Mr. Lucas, what particular leadership practices do you follow?*

I feel that people must be treated as people, not as wooden posts. In turn I request from our people their best efforts, and I'm willing to urge them on.

Also, I believe in the adage, "If you can't do a job properly, you shouldn't do it at all. You should step aside and let somebody else do it who can." I follow this thought for my own self and I believe in it for others.

*What has been your most notable contribution to Brown-Forman?*



Last year 6,000 local Kiwanis program chairmen sought ideas for 312,000 club programs (they meet each week). Any number of these meetings could have featured your message because of Kiwanians' deep involvement in improving the quality of the environment.

Ecology has been a major Kiwanis emphasis for more than fifty years. Kiwanis clubs are concerned with the conservation of the natural resources in their communities and the effort to eliminate those conditions or forces which pollute or waste or threaten to exhaust these resources.

If you can use action at the grass roots level to get your community improvement ideas in motion Kiwanis clubs can give you the manpower. Members are business and professional men, the civic leaders and decision-makers who call the issues in their communities. Over 55% serve on local, county, or state governmental boards or commissions, and 54% of this group exercise buying authority and average more than two boards.

The TGI survey of over 140 national publications states THE KIWANIS MAGAZINE has the highest concentration of readers who are active in civic action groups. THE KIWANIS MAGAZINE can motivate our 925,000

readers and is used by many advertisers to stimulate political action and influence legislation at both the local and national levels.

In the present Congress of the United States one out of four is a Kiwanian.

Natural attrition will replace these men with others who are now the civic leaders in local communities all over the country. Many are Kiwanians.

In the Consumer section of Standard Rate and Date THE

KIWANIS MAGAZINE appears under #9A-Civic (Male) magazines, with a cross-reference under Nature and Ecology, classification #35. In the Business section of SRDS, THE KIWANIS MAGAZINE has another cross-reference under classification #60, Government. These recognized authorities have classified and confirmed THE KIWANIS

MAGAZINE reader's influence and involvement in civic affairs. ABC guaranteed base circulation is 269,092. The approximately \$5.00 CPM for a black and white page is far less than most publications claiming a similar audience. Custom made regional break-outs are available to fit any advertiser's marketing plan. Costs on request.

A note will bring you a complete media file containing copies of THE KIWANIS MAGAZINE rate card, list of Kiwanians in Congress and some other information that will surprise you.

## Some ecological facts from KIWANIS INTERNATIONAL





## William F. Lucas *continued*

I'm particularly happy with my role in the difficult job of acquiring Canadian Mist for our line.

Going back a bit—to 1956: The company started moving away from being a bourbon-only company, diversifying into other areas within the wine and spirits industry. Since that time we have added both imported and domestic champagnes and still wines. We have also added the importation of Scotches, Irish whisky, brandies, liqueurs and tequila.

Several years ago, we knew we needed a good Canadian whisky and we wanted one already a proven success. In Chicago, Lester Abelson and his brother-in-law, Oscar Getz, major owners of Barton Brands, had made a success with Canadian Mist. I contacted Lester and we talked for a number of months.

He was agreeable to selling the whole company; however, we told him that we could not buy the whole company because of antitrust problems. We negotiated secretly for almost a year and finally, on May 1, 1971, we made a good deal for everybody—we got Canadian Mist and the distillery and Canadian whisky in Canada, and they got a very excellent price.

As far as I know, this was the only time a major brand has ever been sold separately to another company.

*How do you, as chief executive officer, divine forthcoming changes in people's taste for whisky?*

We do it through grass roots contacts when our regional, division and state marketing managers go about their business of budgeting sales, income and profits.

They talk to hundreds of people involved in the wholesale and retail trade, and then send their opinions back here. This enables us to look into the future and determine which categories are moving up. It enables us to see the trends early.

*What do you see coming up next in the industry?*

Over the years there have been fewer and fewer distilling companies in this country. Once, we had more than 60 in Kentucky, but during World War II the smaller ones were sold out to the large ones. And there

have been many mergers. So, we have only a few left.

Meantime, many "rectifiers" have gone into business. They buy bulk whisky and sell it under all sorts of private labels to wholesalers and retailers. So, when you walk into a whisky store you see dozens of local, individual, private label brands. Some of the brands are named for the owners of the store.

Right now, because of high grain and barrel prices, little bourbon is being made except by the large distillers. Practically none is made for sale on the public market to these rectifiers.

I therefore foresee the disappearance of a great, great many private brands in four to six years. This will leave a higher percentage of the business for nationally advertised brands.

*Do you take work home with you at night and over the weekend?*

I used to at night, but no more. I do take work home over the weekend. I find if I start out well on Mondays, I get along well all week. So I try on Sunday mornings to catch up.

*What do you do when you simply want to enjoy yourself?*

Mostly, three things.

I like boating. Most of my life I've had a boat on the Ohio River, starting with a canoe, gradually building up to a skiff. You know a boat owner, he always has to have something bigger and bigger. Now I have a 47-foot Commander with three state-rooms.

My second like is thoroughbred horses.

One day in 1952, I was playing squash at the Pendennis Club with Matt Wynn Williamson, the grandson of Matt Wynn who made Churchill Downs famous and the Kentucky Derby the biggest race in the country. After squash and over a drink, he asked if I was interested in horses. I said, "Not particularly." Well, he just invited me to visit a thoroughbred farm outside Louisville, and to bring my wife, Frances, along. When I got home from the visit I owned two brood mares.

I've been in horses ever since. They're like undulant fever. Once you get them in your blood, you

can't get them out. Your temperature may go up and down, but you're always stuck. I've had as many as 12 thoroughbreds racing, and four or five brood mares at the same time. They're a great pleasure.

My third like is a new one—golf. We have mandatory retirement at 65 and when I reach that point late this year I don't want to sit on the front doorstep and cry, so I've taken up golf. I play a couple of times a week. I started off not being able to hit the ball. Now I have a 19 handicap and I expect to shave that down a few strokes.

*If you weren't chief executive officer of Brown-Forman, what would you like to be?*

I've always wanted to be a trombone player in a circus band. I played in a small symphonic orchestra for seven years, and in the depths of the Depression I played in vaudeville. I loved it.

When I was a youngster and the circus came to town, they used to unload off the railroad cars, and the animals and everybody would march down the main street. The circus band would be riding on top of a wagon. I wanted to get up there and blow that horn mighty bad.

Once, soon after I went to work for Brown-Forman, I got a telegram offering me a job playing the trombone in a circus band from May 1 to Oct. 1. I sadly turned it down.

*A final personal question, Mr. Lucas. Isn't it nice being a Kentuckian and reflecting that your state claims great production of fine whisky, fine tobacco and coal?*

Yes sirree. Kentucky has all of that, and we're grateful. But you left out two other great attractions.

We lead in the production of fine thoroughbred horses and in beautiful women. END

REPRINTS of "Lessons of Leadership: Part CXVIII—William F. Lucas of Brown-Forman" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20062. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance.



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## down.

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Employers from both the private and public sectors representing more than half the employees have already signed the Statement of Support. Won't you? For more information, write to Mr. James M. Roche, National Chairman, National Committee for Employer Support of the Guard and Reserve, 400 Army Navy Drive, Arlington, Virginia 22202.



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# APRIL 2

**It's good business to attend the  
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AMERICA'S FUTURE—  
OUR CRITICAL CHOICES**

A look at the program for "America's Future — Our Critical Choices" should provide persuasive evidence that, as a leader in your business and community, you should be present. The meeting will give you new insights, new perspectives, new answers to timely questions of the utmost importance to you and your organization.

Monday's First General Session, which takes place at historic Constitution Hall, looks at the critical choices we must face if we are to maintain our nation's strength and our economic and political

system—if we are to preserve our free society. For Monday's luncheon, the target topic is Critical Economic Choices, while the afternoon's Second General Session focuses on Domestic Policy Choices.

Tuesday morning's Third General Session concentrates on America's Foreign Policy. Later that day, three separate luncheons offer a choice of vital subjects: Energy, Regulation of Business, and Political Leadership. In the afternoon, announced Action Forums are scheduled on Clean Air, Land Use, and Satisfying Consumer Concerns.

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*April 27-28-29.* Three days when local, state and national leaders will be attending the 63rd Annual Meeting. Plan to be here. It's good business, and it's good business to take advantage of a \$25 saving by ordering your registration and ticket package *before April 1*. What does the package include? Tickets to a Sunday Workshop, General Sessions, and an Action Forum of your choice—plus two luncheons, the Annual Meeting Breakfast, and the gala 63rd Annual Dinner. It's a \$120 value (regular price of these tickets) for \$95, if you register *now* for the most important business meeting of the year.

For further information, call (202) 659-6183, or write the Director of Promotion, Chamber of Commerce of the United States, 1615 H Street N.W., Washington, D.C. 20062.





# 7-28-29 1975

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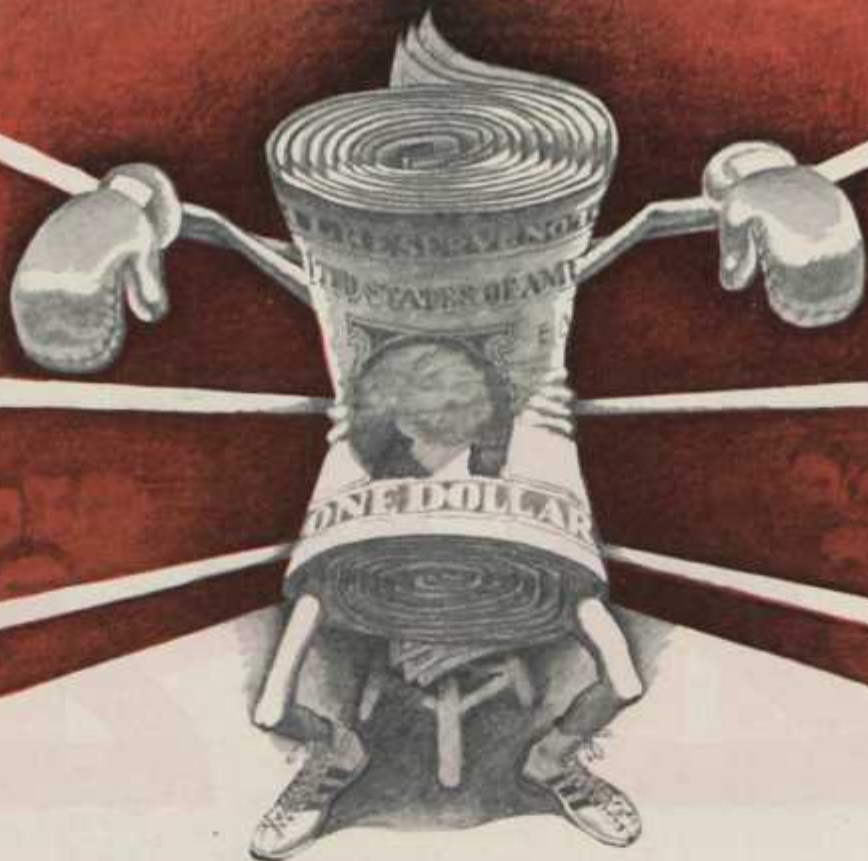


ILLUSTRATION: LOO BRIDMORE

## Round Two in the Guaranteed Income Fight

The Family Assistance Plan  
took a beating three years ago, but  
now—in new form—it appears to be  
headed back into the ring

It was a seemingly minor note amid the momentous issues of President Ford's televised report to the public Jan. 13 on the way he proposes to confront the economic and energy challenges facing the nation.

Detailing how an estimated \$30 billion in energy taxes he advocated would be returned to the economy, he listed plans for direct payments or credits to individuals, businesses and state and local governments.

Then he commented: "Cash pay-

ments from this total also will be available to those who pay no income taxes because of low earnings."

In his State of the Union address to Congress two days later, the President amplified. He was proposing payment of \$80 a year to every person 18 years of age and older in what he called the "very limited category" of low-income wage earners with no federal tax obligation. Object: To help offset their increased expenses for energy.

Administration officials were quick to deny there was any element of welfare in the proposed payments, which the Treasury Department estimates would total nearly \$2 billion a year.

But some members of Congress viewed the Presidential proposal as a precursor of a major debate on the long-simmering question of whether the U.S. welfare system should be converted into one in which a floor is put under everyone's income, either



through a negative income tax—where payments are made by the Internal Revenue Service on the basis of tax returns—or some other mechanism.

While endorsing the \$80-per-person approach, the President turned down—at least for the present—a far more extensive negative income tax plan urged on him by Secretary Caspar Weinberger of the Department of Health, Education and Welfare.

That would have been a full-blown "Income Supplement Plan" assuring a family of four a minimum of \$3,600 annually—with federal payments making up any difference between that level and the family's income from other sources.

The President said he would not approve new spending programs while the country struggles with its current economic problems.

However, not only could his own proposal for a federal payment to nontaxpayers offer a starting point for the guaranteed-income debate, but backers of that concept are ready with a highly detailed and far-reaching plan. It is likely to be put before Congress as an alternative to the \$80-per-person recommendation.

A key subcommittee of Congress' Joint Economic Committee has recommended a broad new system, to be run by the Internal Revenue Service, that would guarantee a family of four the same \$3,600 minimum suggested in the now-dormant HEW plan.

Thus, indications are that a battle similar to the long and bitter one over the Nixon Administration's ill-fated Family Assistance Plan and its guaranteed annual income provisions will take place as the 94th Congress joins the search for the elusive goal of welfare reform.

#### Agreement—to a point

There is little dispute in Congress that the country's 40-year-old welfare system, forged under circumstances that have long since changed drastically, should be overhauled.

Republicans and Democrats, con-

servatives, liberals and in-betweeners, are virtually unanimous on that point.

The big problem arises in trying to get a consensus on specific steps for reforming the biggest and most controversial of all the welfare categories, Aid to Families With Dependent Children.

There are two basic schools in Congress and in the Administration on how AFDC should be reformed:

- One would retain the present system under which state and local agencies administer their own welfare programs, with the federal government paying half of the cost and setting guidelines. Within the guidelines, the agencies can make fundamental decisions on such matters as the level of benefits and whether low-income families with working members can have their earnings supplemented by welfare.

The reform would involve intensification of a federal effort to help states mount campaigns against fraud and other abuses, thereby providing savings to the taxpayers, more funds to help those genuinely in need—or both.

- The other school would scrap the present system in favor of a federalized welfare setup financed and directed completely from Washington. Its central feature would be a negative income tax or similar device for guaranteeing every family a specified income level. It would apply to families with a working member as well as those without, and thereby cause massive expansion of the welfare rolls.

Backers of this concept say that, while it would be more costly, it would be more equitable than the present system and would help eliminate situations in which remaining on welfare is more financially rewarding than working.

Among leading advocates of the first approach is U.S. Welfare Commissioner Robert Carleson, who is presiding over a two-year-old effort to assist states in tightening their administration of welfare by providing

them with what he terms the proper tools to do the job.

"I think it's working," he told NATION'S BUSINESS, noting that welfare rolls for the 1974 fiscal year dropped for the first time in 20 years and that expenditures were \$800 million less than anticipated.

#### Quality control

This was done, Mr. Carleson explains, through a "quality control plan of verifying, checking and auditing" to determine that nobody not eligible is getting welfare and that nobody receives more—or less—than he or she is entitled to.

President Ford, in his Feb. 3 budget message, endorsed the quality-control approach and called for more of the same.

Its results so far, he noted, indicate that 30 per cent of welfare recipients are either ineligible for benefits or overpaid, while 8 per cent are underpaid.

"The Department of Health, Education and Welfare is working with the states to reduce these errors, and the consequent costs associated with them," the President said.

While some states anticipate increased demand for welfare aid because of the recession, Mr. Carleson says those with effective machinery to prevent abuses are in better condition to handle heavier case loads.

Mr. Carleson came to his federal post after presiding over a successful overhaul of the California welfare system, which saved taxpayers hundreds of millions of dollars. [See "Lightening the Welfare Load," NATION'S BUSINESS, August, 1973.]

"We showed there that despite federal laws putting a straitjacket on people who wanted to improve things, we could still do the job," he says. "Now we have changed the federal rules so states have even more discretion than we had in California four years ago."

The states today have greater leeway to screen welfare applicants, check more closely to prevent abuses by those already on the rolls and—



## Round Two in the Guaranteed Income Fight *continued*

as a result of newly enacted legislation—track down fathers who abandon families which must then turn to public support.

Some proposals for a federalized welfare program "choose to gloss over or almost ignore the fact that there has been a tremendous turnaround," Mr. Carleson says.

One, he says, is the Joint Economic subcommittee's plan, which evolved from a massive, three-year study of welfare, and whose conclusions represent a stiff indictment of the current system. The subcommittee argues that a total change, not just improved administration as Mr. Carleson advocates, is needed.

### Bizarre rewards

Among the subcommittee's findings:

- "Many public welfare programs have resulted in a bizarre reward system: nonworkers and those who have failed to fulfill their family responsibilities are often made better off than workers and married couples with children.

"It is not just that the former groups are given larger benefits than the latter groups. Indeed, the inequities are so great that income positions of some Americans are reversed by benefit payments. Qualities and activities which society values and the marketplace rewards sometimes are penalized by our public welfare programs, for the decisions we make about whom to aid also determine what behavior to reward.

- "Administration of need-based cash and noncash programs is inefficient and error-ridden. . . . Not only is the level of program integrity low, but administrative costs are unnecessarily high. . . .

- "Our income security programs are shaped by at least 21 committees of Congress and by 50 state legislatures, by six Cabinet departments and three federal agencies, by 54 state and territorial welfare agencies and by more than 1,500 county welfare departments, by the U.S. Supreme Court and many lesser courts. . . . None of the committees with legislative jurisdiction over income maintenance programs has the duty to appraise the total effect of the decisions of all. The omission is serious.

"As a result, persons can be enrolled in several programs, the terms of which discourage work and provide income that far exceeds their earning potential. If such multibeneficiaries reduce work, their lost wages are largely offset by higher benefits; if they increase work, they suffer heavy benefit losses.

- "Poor program coordination extends even to the operation of formal work registration requirements of the food stamp and AFDC programs. Since work rules of AFDC and the food stamp program treat the same family differently, they compound administrative headaches and can even contradict each other.

"AFDC rules require a mother to work when the youngest child reaches 6, whereas under food stamps she is exempt [from the work requirement] until the youngest child is 18. As a result, it is possible for the work penalty imposed against an AFDC family to be reduced or wiped out by a resulting increase in the food stamp bonus."

(The subcommittee report depicts how a mother of three school-age children, receiving \$399 monthly in public benefits that include welfare, food stamps and public housing, would lose \$49 in welfare payments for refusing to register for work but would get \$13 more in food stamps and \$12 more for housing, thereby losing only \$24 for balking at taking a job.)

### Ready for ABLE?

Then the subcommittee goes on to recommend its negative income tax plan, which many members of Congress expect will be pressed during the current session. It would increase costs by an estimated \$15 billion yearly.

The present \$750 personal exemptions on income tax returns would be scrapped in favor of a credit of up to \$225 per person deducted from taxes due, or a \$225-per-person payment if no taxes are due. (This would mean higher income taxes for people in the upper brackets, but lower ones for others. The subcommittee says taxes would drop for most families of four with incomes of \$25,000 or less.)

In addition, a federal payment termed an "Allowance for Basic Liv-

ing Expenses" would provide \$2,700 to a low-income family of four, and varying amounts to families of other sizes.

ABLE payments would decrease gradually as outside family income rose, and would disappear when that income reached \$7,000.

Critics view the subcommittee recommendations as a revival of the Family Assistance Plan rejected in Congress three years ago in a dispute between conservatives who objected to going the guaranteed-income route and liberals who argued the proposed payments, then \$2,400 yearly to a family of four, were too low.

Mr. Carleson, who has concentrated on ways to further improve the present system and was not involved in the preparation of the HEW plan for a negative income tax, says the success of many states in tightening procedures "has exploded the myth that welfare reform can't be achieved at the local and state level."

In fact, he adds, he would "decentralize decision-making even more than we have."

Mr. Carleson explains he opposes concentrating all welfare decisions in a federal bureaucracy because "somebody sitting in Washington simply can't develop need standards on a national basis."

For example, he says: "Providing fuel oil for the needy can be a problem in the Northeast but generally not in the Southwest. Each state in those regions is the most qualified to determine the extent of the problem and how best to resolve it.

"If you tried to solve it on a national basis, you probably wouldn't meet the needs of the people in the Northeast and would overmeet those in the Southwest."

Says Sen. Lloyd Bentsen (D.-Texas), a member of the subcommittee who agrees that a major reform of welfare is long overdue but who reserves judgment on the subcommittee's recommendations:

"In my view, there are serious public policy questions involved in a universal coverage cash program funded and administered by the federal government, questions which I would want to review further before endorsing any specific concept of welfare reform." **END**



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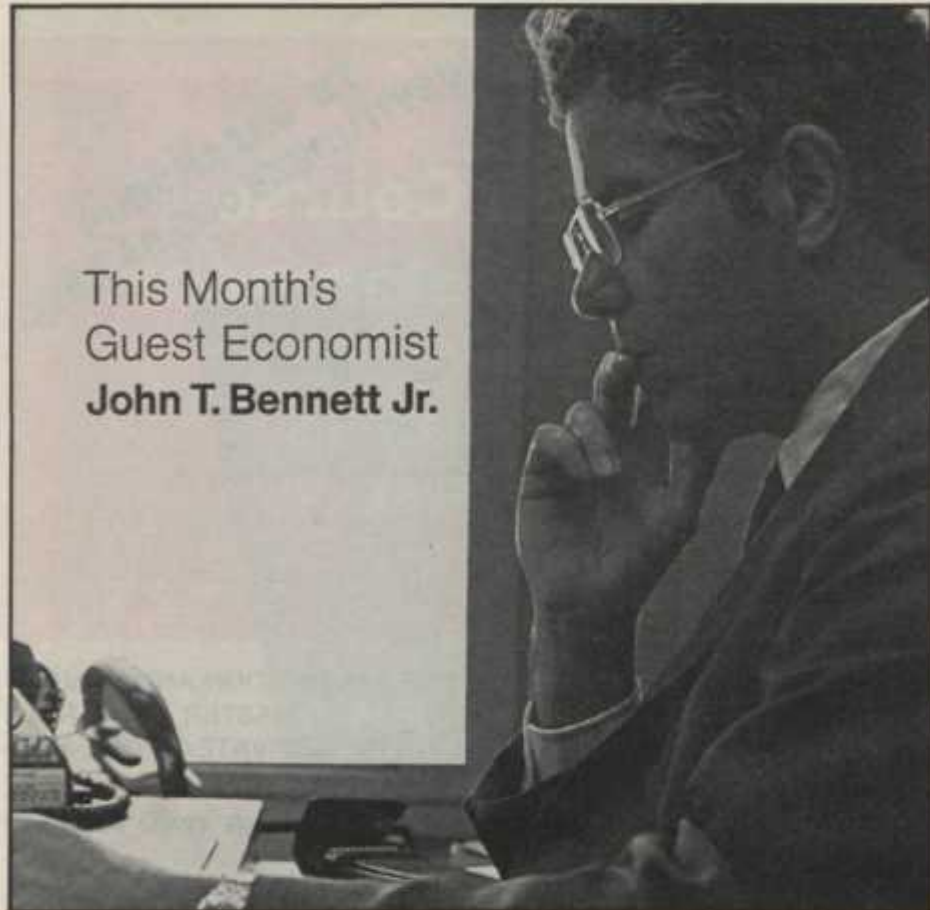
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## This Month's Guest Economist John T. Bennett Jr.



Mr. Bennett is senior vice president of the Boston-headquartered Putnam Management Co., Inc., and the Putnam Advisory Co., which supervise mutual fund and pension fund assets totaling nearly \$3 billion. He joined Putnam in 1968.

## Over the Word Hurdle

Whether economics should be considered an art or a science has not, to my knowledge, yet been decided.

But the idea that it is a science is bound to have the edge with the ordinary individual concerned about his own financial planning and his country's fortunes, with many a fairly sophisticated investor, and perhaps even with the business executive or proprietor who must keep his eye on his company's fiscal situation.

After all, the jargon of the professional economist can seem as highly technical as that of the physicist or paleontologist.

The complications of economists' terminology—in which new terms keep cropping up—are a hurdle for all of us who face up to the problems of properly planning for our economic futures.

Perhaps this glossary, defining some of the terms that relate to our national economy, and to international finance as well, will help you

to a better understanding when you read, or listen to, the analyses and advice of the erudite.

As a businessman, you may be comfortable with most of these terms. But there are some, I'll bet, with which you are not.

**Cash Flow.** Earnings of corporations after dividend payments and after adding back depreciation charges.

**Consumer Price Index.** A monthly measure of changes in the prices of goods and services consumed by urban families and individuals, ranging from food and automobiles to rent and haircuts, computed from a 1967 base year.

**Durable Goods.** Items, purchased by individuals, which have a normal life expectancy of three years or more.

**Fiscal Policy.** The use of government purchases and taxation to regulate income, employment and prices.

**Gross National Product.** The measure of a nation's total output of goods

and services, normally expressed in current dollars.

**Real Gross National Product.** An estimate of the economy's total output, measured in constant dollars from a 1958 base in the U.S. in order to remove effects of inflation.

**GNP Deflator.** An estimate of the overall effects of inflation on the gross national product.

**GNP Gap.** The gap between the economy's output of goods and services and its potential output at full employment (4 per cent unemployment rate) without inflation. Potential GNP has been estimated to have been growing in recent years at 4.3 per cent annually.

**Industrial Production Index.** An index of the country's physical production in units of production, as opposed to dollars, expressed on an index basis from a base of 1967 equaling 100.

**Inventory Valuation Adjustment.** An adjustment applied to book profits before taxes to exclude gains or losses due to differences between the replacement cost of goods taken out of inventory and their recorded acquisition cost.

**Leading Indicators.** A set of 40 economic time series thought by the federal government to have significant predictive value concerning future shifts in the economy's general direction. Twelve of these series constitute the "short list" of indicators.

**Monetary Policy.** Actions taken by the Federal Reserve Board in its attempt to control the growth of credit and the level and direction of interest rates.

**Money Supply.** The sum of demand deposits held in our banks, plus currency.

**National Income.** The total earnings which arise from current production of goods and services.

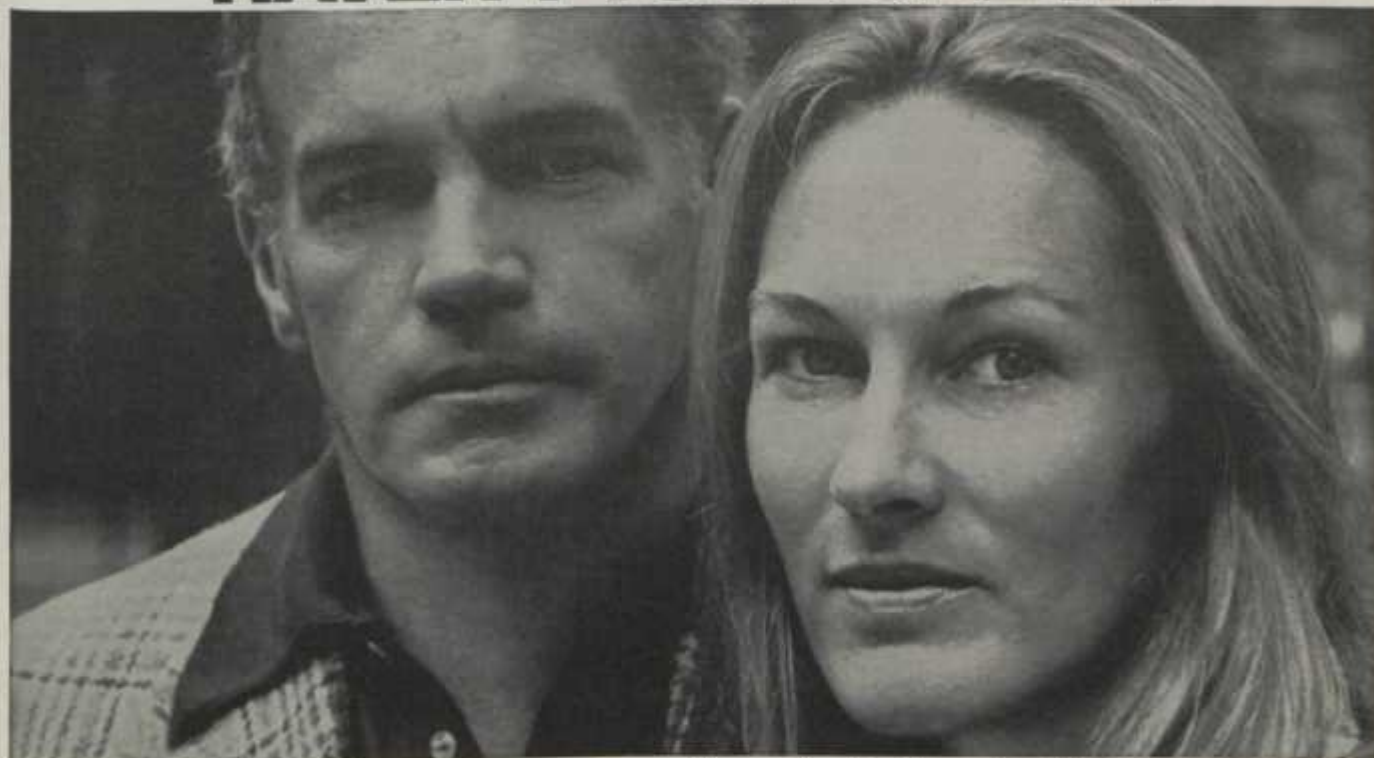
**Personal Consumption Expenditures.** The amount that individuals spend on durable and nondurable goods and on services.

**Personal Income.** Current income received by individuals from all sources, including transfer payments from government and business.

**Personal Disposable Income.** Per-



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## Over the Word Hurdle *continued*

sonal income minus personal taxes.

**Prime Rate.** The interest rate charged by banks to their highest quality corporate borrowers.

**Savings Rate.** The proportion of individuals' savings to personal disposable income.

**Wholesale Price Index.** A measure of price movements of goods other than at the retail level.

### *International Terms*

**Balance on Goods and Services.** Known as the trade balance, it measures our exports to foreign countries compared with our imports from them.

**Convertibility.** The ability of one currency to be freely exchanged into other currencies or into gold.

**"Dirty" Float.** Floating exchange rates that are directly affected by central banks' intervention.

**Exchange Rates.** The ratios of exchange from one currency into another in international monetary transactions.

**Floating Rates.** Exchange rates that vary according to market factors and intervention by central banks.

**Income Policies.** Direct controls by governments over prices and wages within their countries.

**International Reserves.** Reserves that one country holds of other countries' currencies, gold and special drawing rights. These reserves tend to rise and fall with the country's balance of payments surplus or deficit, and with world production of gold that is not used industrially.

**Intervention.** Operations by central banks in currency markets in order to change or maintain exchange rates.

**Parities.** Agreed-upon exchange rates among currencies.

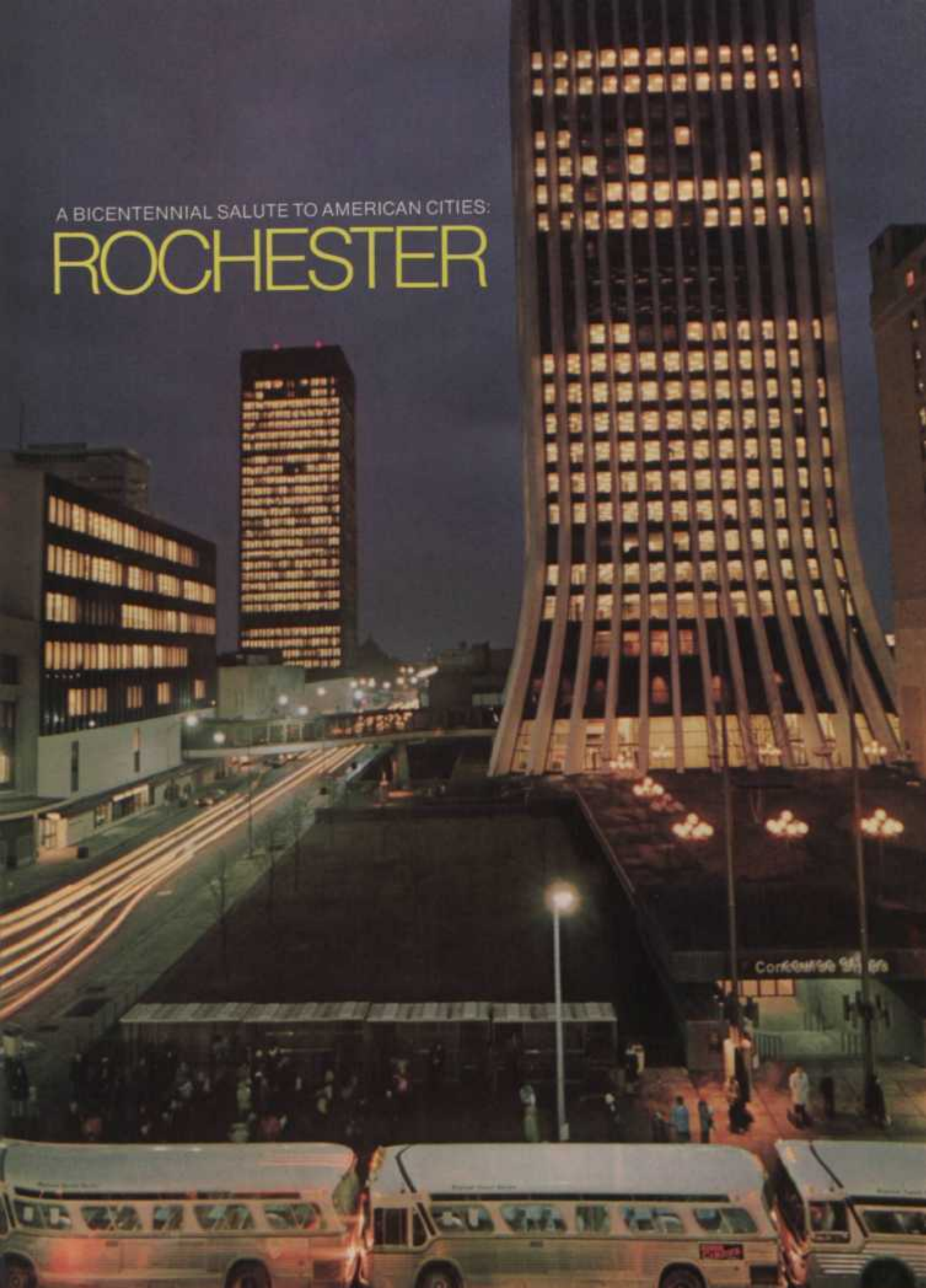
**Special Drawing Right.** An SDR is a sort of "paper gold" which has been assigned to each country by the International Monetary Fund to be included in the country's reserves and to be used as a substitute for the transfer of gold and dollars, in settling international transactions.

If that is all clear, you will be ready for an examination of the business pages of your newspaper.



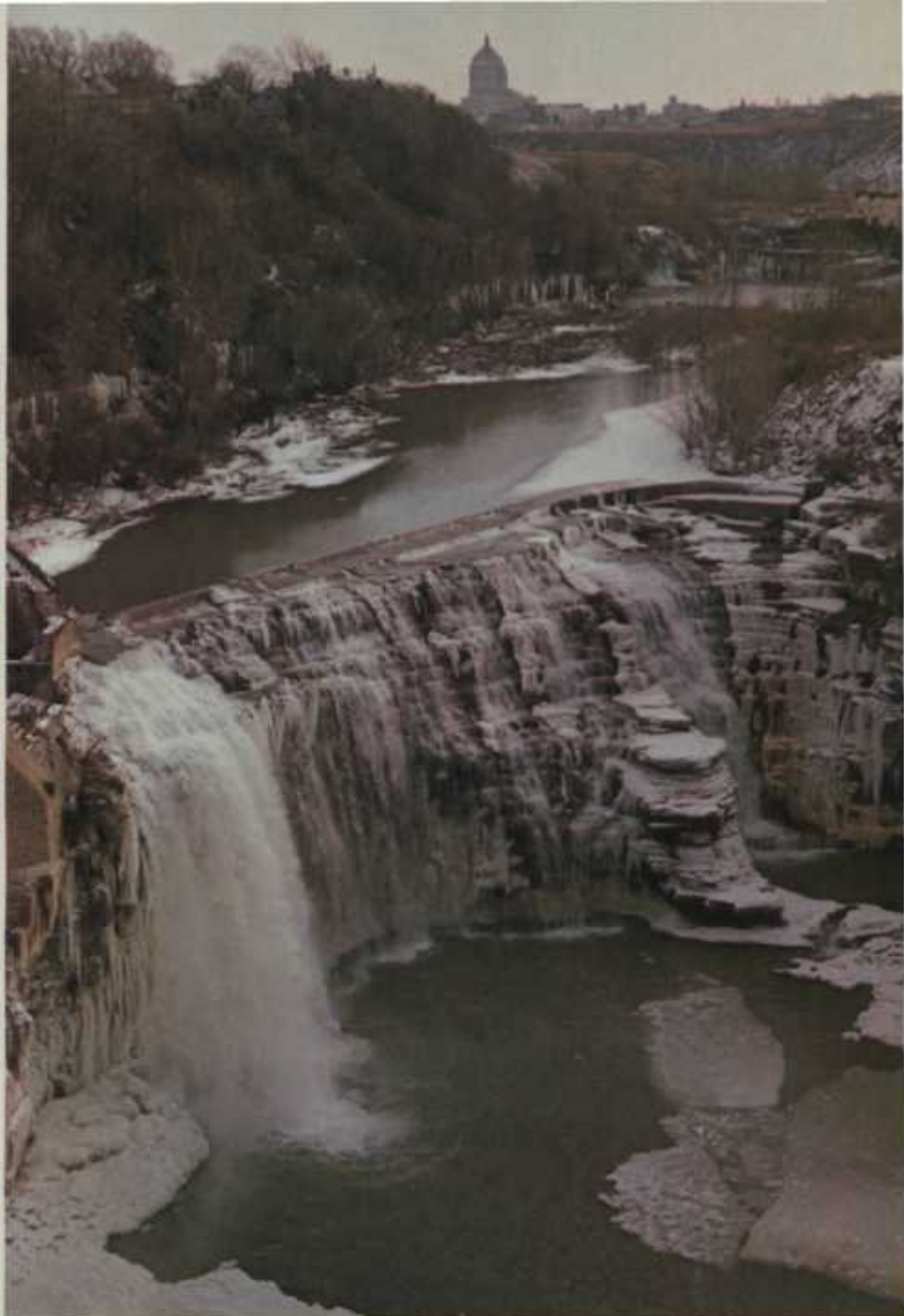
A BICENTENNIAL SALUTE TO AMERICAN CITIES:

# ROCHESTER





PHOTOGRAPHS BY  
YOICHI OKAMOTO



*These Genesee River falls attracted settlers who harnessed their water to power grain mills and founded Rochester, now one of the most highly diversified industrial centers in the world. Other Rochester scenes of today: The magnificent Eastman Theater, home of the famed Rochester Philharmonic, rehearsing on stage. (John Santuccio, president of the Civic Music Association, which supports the Philharmonic, is in the foreground.) There has been a Liberty Pole at a principal downtown intersection since pre-Civil War days, but the current version is the result of a 1965 design competition. And Rochester, once a plant nursery center, is still flower-oriented.*



# ROCHESTER:

## One industry follows another

Rochester's Broad Street bridge can take you not only over the Genesee River but into the historic reasons for the growth of an unusual city.

For what is now a vehicular bridge once carried the legendary Erie Canal over the Genesee, marking the meeting place of two of the major forces that shaped Rochester into today's industrial and commercial giant.

A third, and far more important, force was, of course, the people who from the very beginning forged a community that attracted and prized craft skills, cultural activities and a sense of civic duty.

The Genesee, thundering over a series of falls on its way to Lake Ontario, attracted settlers to what was then a wilderness area of upstate New York inhabited by Seneca Indians, wolves, bears and rattlesnakes. The river provided waterpower to run mills—first for grinding grain, later for a wide variety of industrial operations.

The first permanent white settlers trickled into the area in the 1790s, and less than 40 years later a contemporary historian could write:

"In various departments of manufacture, such as edge tools, carpeting, fire engines, cloths, leather, paper, pianos, etc., considerable energy is manifested. . . ."

While the product mix has changed considerably, it has remained highly diversified.

In fact, if there is a common denominator to the Rochester business world, it is diversity: The metropolitan area has at least one manufacturer in each of 21 major industrial classifications. Its \$4 billion-plus value added annually by manufacture is higher than that of 24 states.

The Gannett Rochester Newspa-

pers' market research division puts it this way:

"Rochester leads the world in the production of photographic materials, xerographic equipment, optical instruments and lenses, ophthalmic goods, dental equipment, thermometers, check protectors, glass-steel equipment and gear cutting machines, all clean precision industries.

"It ranks high in the printing, publishing, food processing and pharmaceutical industries, and in the production of men's clothing and accessories, and of electronic communication, photocopy, medical, surgical and office equipment."

### Talent is money

But, as Paul Miller, president of the Rochester Institute of Technology, which has played an important part in the city's history, puts it: "Rochester learned early that the true capital of a society is its talent."

And what talent.

First, there was Col. Nathaniel Rochester, soldier, businessman, churchman, civic leader and pioneer, who at age 58 abandoned a comfortable life in a handsome home in Maryland, bundled his family and possessions into three Conestoga wagons and headed for upstate New York.

He had heard about the area, with its fertile soil remarkably suited for growing grain and with the Genesee's waterpower potential, from soldiers who had passed through it during the Revolutionary War. For \$1,750, he and two associates bought 100 acres on both sides of the Genesee which are the heart of the current city.

The tiny village they established was incorporated in 1817 as Rochester.

Among his many contributions, the

colonel was to start a tradition of community service by Rochester business leaders.

He was secretary to the convention that met in 1817 to urge construction of the Erie Canal; served as a state assemblyman; spearheaded the drive for creation of Monroe County, in which Rochester is located; founded and was first senior warden of St. Luke's Episcopal Church, which still stands; and was president of the Rochester Athenaeum, a group he helped organize to inject a measure of cultural activity into what was, in the early 1800s, a rough-and-ready frontier town.

The Erie Canal was fully operative by 1826, and opened vast markets for Rochester's flourishing flour industry and other commercial activities by linking the city with the Midwest and the Hudson River to the east.

(The New York State Barge Canal, under construction from 1904 to 1918, has replaced the Erie. It does not flow through the city, as its predecessor did, but passes south.)

One after another, industries arrived on the Rochester scene behind milling.

In 1852, John Jacob Bausch, an optical worker, joined forces with Henry Lomb, a cabinetmaker, to form Bausch & Lomb, a company that 123 years later still ranks as one of the best-known in the optical equipment field.

### The dry look

And there was the man who had the greatest impact on Rochester of all the many innovators and other business leaders: George Eastman.

In 1877, at age 22, he set out to find an easier way to make photographs than the method then in use—"wet" plates that had to be



PHOTO: HANSEN



Worth D. Holder is executive vice president of the Rochester Area Chamber of Commerce.



A program of the National Training Institute for the Deaf, whose students attend classes at the Rochester Institute of Technology, enables deaf students to pursue scientific subjects. Regular lectures are repeated immediately in hand alphabet.

treated with chemicals both immediately before and after taking the picture, requiring a portable dark-room.

With no formal training in chemistry, he developed—through experiments in his mother's kitchen—a new dry-plate process and set up a production company.

In 1885, the Eastman Dry Plate Co. brought out roll film and in 1888 the No. 1 Kodak Camera. It was only the beginning of a flow of new and better products.

George Eastman put his stamp not only on his firm, now the Eastman Kodak Co., but on nearly every facet of Rochester life.

Eastman Kodak employs nearly 50,000 people in its Rochester operations—about 15 per cent of the working population—and its executives follow a tradition of community service set by Mr. Eastman, whose civic contributions included founding the first united fund for supporting social agencies.

His company contributes one-tenth—over \$1 million this year—of the city's annual United Community Chest collections, while its individual employees provide an additional, substantial amount.

When Eastman Kodak made its first public stock offering in 1884—at \$100 a share—Mr. Eastman began receiving letters from worried investors and doubtful potential investors who had heard amateur photography was just a fad.

He replied: "When the desire for a pictorial record of daily life disappears, then amateur photography will decrease, and not until then."

"The success of the Kodak is not due simply to its being a neat and handy instrument . . . which struck the public fancy as a new fad. It is the exponent of a radically new system of photography which admits the whole public to practice the art."

(The idea that Kodak stock should be shunned because the public would soon lose interest in the company's products proved about as wrong as an idea could be. Moody's Investors Service, Inc., estimates that a single share bought for \$100 in 1884 would have grown—through splits, stock dividends and exercise of warrants and other rights—to 37,114 shares, worth about \$2.75 million today.)

Kodak now has annual sales of over \$4 billion and has long since branched out beyond photography into man-made fibers, plastics and

business products, among other fields.

Walter A. Fallon, the company's president and chief executive officer, says that its 1974 performance "continued to reflect the basic soundness of the photographic industry, which generally outperforms the economy as a whole," and that he anticipates "continued growth" for 1975 and beyond.

## Generosity lives on

Mr. Eastman's generosity lives on in the 125-year-old University of Rochester, to which he gave \$55 million and where he founded the Eastman School of Music; in the Eastman Theater, home of the Rochester Philharmonic, one of the nation's top symphony orchestras; and in the handsome Rochester Area Chamber of Commerce building. (It also lives on elsewhere—for example at the Massachusetts Institute of Technology, to which he gave \$30 million on condition that he not be identified as the donor during his lifetime.)

A more recent Rochester legend involves a small local company, Haloid, that made paper for photocopying and other photographic uses. In 1945, its research director, Dr. John H. Dessauer, read a trade magazine



article describing the work of Chester Carlson, who had developed an electrostatic process for duplicating material on paper. Dr. Dessauer told his boss, Joseph C. Wilson; they contacted Mr. Carlson and the Battelle Memorial Institute in Columbus, Ohio, with which he had a development agreement; and, eventually, Haloid became the Xerox Corp.—in one of the great business success stories of all time.

Xerox reported record revenues of \$3.58 billion for 1974, up 19.6 per cent from the previous year. Net income was up 10 per cent, to \$331.1 million.

Hundreds of other companies have contributed over the years both to the growth of the area's economy and its proud declaration that "Rochester-Made Means Quality."

#### Prosperous performance

Says Worth D. Holder, executive vice president of the Rochester Area Chamber of Commerce: "Our economy historically has outperformed those of most areas. There is no reason to believe it will not do so again in this present national economic slowdown."

Mr. Holder, who notes that "Rochester has the highest per capita volume of locally manufactured products in export of any city in the United States," points out that employment in Monroe County hit a record 354,300 last October, when the national economy had started its downward slide.

Recent figures show joblessness there running 35 per cent below the national average.

Lester Frankenstein, president and chief executive of the 126-year-old Michaels Stern & Co., maker of high-quality clothing for men, says that the city's "good business climate and industrious people" should enable it to maintain its economic momentum.

(While Rochester's clothing industry is no longer the giant it once was, it still boasts not only Michaels Stern but also such names as Hickey-Freeman and Bond Clothes.)

Other community leaders are equally optimistic about Rochester's economic future.

One of them is F. Ritter Shumway,

“Let's talk business. At Michaels/Stern we've been getting down to business for more than 125 years. In our four Rochester-area plants. We've produced suits for multitudes of executives to wear to conferences and important meetings. And sent scores to their jobs looking their best. Why is it so many successful men look to the Michaels/Stern label for suits that suit their professional way of life? Maybe it's because our styles are traditionally elegant. Or because we offer fabrics that are rich and tasteful. Like Courier Cloth and Eriknit, which are ours exclusively. Or perhaps it's because they feel our workmanship is superior. Michaels/Stern suits. They inspire confidence. Isn't that what good business is all about? We'll be happy to give you the name of the store that can help you choose and be fitted. Write or call Michaels/Stern, Box 480, Rochester, N.Y. 14602 (716) 454-5260”



MICHAELS/STERN

Fine Merawear Tailored in Rochester



## ROCHESTER *continued*



"Keep the Quality Up" is the creed of Hickey-Freeman Co., maker of men's clothing. Hickey-Freeman suits are hand-sewn by workers like this one in the company plant in Rochester.

who has continued a long family tradition of civic as well as business leadership in Rochester.

Now 68, he was chairman and presently is honorary chairman of Sybron Corp., which brought into one firm several old-line companies within the city and made other acquisitions outside. Sybron's principal activity is the manufacture of equipment for the dental, hospital, medical, processing and manufacturing controls fields. Sales last year were \$491 million, up 22 per cent.

Mr. Shumway is the only man to have served as president of his local and state chambers of commerce and as president of the Chamber of Commerce of the United States.

He views Rochester as different from other large cities because of the nature of its industries—they employ mostly highly skilled, better educated workers and "are not quite as subject to the economic ills of the

nation and the state as other communities are."

And, he says, the city has been "blessed with enlightened industrial leadership centering on a tradition of real civic pride and a willingness to work for the benefit of the community as a whole."

The fact that the city's industries have enjoyed unusual success has enabled their leaders "to do the things they would like to do" to help the community, he adds.

But Mr. Shumway and other community leaders are also quick to concede that Rochester has not been immune from the social upheaval that has come to so many cities.

### Cooling it in the inner city

Over the years, as white families migrated to suburbs, the black population of the inner city grew. Many new arrivals were migrant workers who followed the crops north and

took permanent jobs in the Rochester area.

On a hot July weekend in 1964, a violent inner city riot erupted. Its origins have never been uncovered fully but in the long aftermath there has been heightened awareness of the needs and aspirations of blacks and Puerto Ricans, who now represent nearly 25 per cent of the 290,000 population of the city itself. (The metropolitan area's population is more than 900,000.)

There has been much progress—though some say not nearly enough—in providing job training, employment and housing for low-income groups.

The business community's faith in the long-term viability of the central downtown business district was manifest long before the riots, and continues long after them.

A construction boom that was to alter the skyline started on a modest note, when two leading downtown stores—McCurdy & Co. and B. Foreman Co.—began discussing in 1956 the possibility of a joint, 1,700-car parking garage.

The project grew ever larger in the planning stage and evolved into the Midtown Plaza and Tower complex—underground parking, and a two-story enclosed shopping mall topped by an office tower topped in turn by a hotel and restaurant.

Gilbert G. McCurdy, president and chief executive officer of McCurdy & Co., and current president of the Rochester Area Chamber of Commerce, was a principal figure in the project.

"This was the first investment of any size in downtown Rochester since the completion of a 14-story office building in 1929," he says proudly.

"It has served as a real seed for area growth and development."

Included in that development: the Xerox tower, the Marine Midland Plaza, the Lincoln First Banks' tower, Security Trust Plaza, the new





Officially called "The No. 1 Kodak Camera," the pioneer model, now in the museum that occupies George Eastman's home, brought photography to the average man and led to an industrial empire where Walter A. Fallon (above, right) is president and chief executive officer today.



Alexander D. Hargrave's hopes for the continued economic growth of the Rochester area are as sweeping as that view from his office at Lincoln First Banks, Inc., a holding company of which he's president and chief executive.



# ROCHESTER *continued*

local headquarters of International Business Machines, a new federal building and courthouse, a city-county Civic Center, a Holiday Inn and an Americana hotel.

A current of optimism has long run through Rochester's business and civic leadership.

Witness the late James E. Gleason, a legendary figure in Rochester who

transformed the Gleason Works, a small firm founded by his father to make gear-cutting machinery, into a major company highly respected throughout industry for its top-quality output.

He served on the board of directors of the Rochester Institute of Technology from 1899 until his death in 1964, including 20 years as chairman.

When the school was conducting a fund drive to finance construction of its present, \$100-million campus in the Rochester suburbs, Mr. Gleason pledged \$500,000 with the understanding he would contribute at the rate of \$100,000 a year for five years.

He was 90 years old at the time.

And he met every payment he had promised. END



*David Kearns (top photo), Xerox Corp. vice president for business products, and F. Ritter Shumway, honorary chairman of Sybron Corp., represent different generations but have much in common as native Rochesterians who have made major contributions to the industrial, cultural and civic life of their city—as have many other business leaders.*



*As 1975 president of the Rochester Area Chamber of Commerce, Gilbert G. McCurdy's goals include "a more vital and vibrant central business district." He was a prime mover in development of the Midtown Plaza and Tower complex, whose enclosed shopping mall is in the background, with McCurdy & Co.'s flagship department store at the far end.*





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# Marriage and the Corporation

What results from bringing executives and executives' wives together for frank talk? Hopefully, improvement in the home and in the office

Bing Miller, a soft-spoken, seemingly shy woman, had tears in her eyes as she talked:

"We've made seven moves in 13 years—or was it 14? And there were job changes during two of those moves. . . . The last time we moved was two years ago. My daughter asked me just the other day, 'When are we going to move again?' I couldn't answer. I'm already feeling itchy myself. It's not that I want to leave, but I feel it's coming."

Bing Miller is a corporate wife. She has moved into seven different houses in seven different cities all around the Midwest while her hus-

band, David, has been struggling up Northwestern Bell Telephone Co.'s corporate ladder.

She was trying to explain to a group of corporate couples—and to her husband—about the frustrations, about her feelings of loneliness.

The couples were gathered at a weeklong session for corporate executives and their wives, conducted by E. Jerry Walker, a Methodist minister and former advertising broadcaster, who, with his wife, Holly, has set up the Center for Family Studies, Inc., in Duluth, Minn.

Marriage and the corporation was the topic.





At first it hadn't been easy for the couples—there were seven of them—to talk so openly about their feelings. But after several days, the women, particularly, had grown close.

Several women nodded agreement as Mrs. Miller spoke.

The Millers were living in Fargo, N. Dak. Some of the places they've lived in have seemed more glamorous, others probably less attractive.

Always, Bing Miller has gritted her teeth and arranged for the moving vans; seen to it that newspaper deliveries were canceled and started; kept insurance policies, licenses, credit cards and magazine subscrip-



*Dr. E. Jerry Walker (above) presides over a program of communication between spouses, and between couples, which features a relaxed atmosphere in a 1920s mansion, gourmet cooking, and a spacious, manicured setting located on the shore of Lake Superior.*



tions up-to-date; gotten the mail forwarded to their new addresses; found new doctors and dentists and places to shop; and met new neighbors. In later years, she's also scouted the schools before settling on a residential area—the Millers have two children, Linda, 11, and Jeff, 5. And she's always managed to make the Miller furniture fit—no matter what the dimensions of the new house.

Each time, almost all of it was done without David's help because he was busy learning his responsibilities in the new location.

Even though she's been through the moving routine seven times, it hasn't gotten any easier for Mrs. Miller. It's gotten harder.

"Maybe it's just me," she said half apologetically. "There are things I want to do to the house, a new girl has moved in next door. . . ." This time, Bing Miller just couldn't make herself redecorate and she hasn't been over to meet the new neighbor either.

"I won't make any close friends anymore. I did. It's too painful to leave them."

There was a variety of exchanges during the seminar. At one point one wife told her husband, "You scare the hell out of me." He replied, completely surprised, that he had no idea his apparently domineering character was inhibiting his wife.

Now that he knew it, he said, he would try to let her have more of a voice in decisions affecting the family and their lives.

For other couples, there were few surprises.

"I came here knowing MP & L [Minnesota Power and Light Co.] comes first and I'm leaving here knowing it comes first," said Shirley Ellison, wife of W.L. Ellison, area manager for the power company in Cloquet, Minn. "I've known it for years and I accepted it long ago."

Communicating—between the hus-



## Marriage and the Corporation *continued*

band and his wife individually, and between participating couples—is what the program is all about.

The object, Dr. Walker says, is not to save marriages, but to improve good ones. His theory is that marital stress affects corporate executives and their wives just as it does those of lower economic status. And, he believes there are some factors about corporate executives' devotion to their jobs that cause particular stresses for their wives and children.

Executives are competitive and aggressive, Dr. Walker says. They value strength and self-reliance. They are achievers. And, because of that, many have difficulty expressing warmth, tenderness, dependence and other feelings that contribute to intimate relationships.

That is a stumbling block in their family relationships. And difficulties at home often cause less effective work on the job, Dr. Walker says.

He believes the subject should be of concern to corporations and other institutions which invest heavily in the development of skilled executive personnel.

Thus the Center was formed and corporations—now numbering about 20—from around the nation, and particularly the Midwest, have paid the \$850 fee and sent one or more of their executives and executives' wives to seminars Dr. Walker has conducted.

Companies that have been represented include Atlantic Richfield; IBM; Cleveland Cliffs Iron Co.; Peavey Co.; Potlatch Corp.; Northern States Power Co.; and Mutual of Omaha Insurance Co.

The setting, luxurious even to the fussiest executive or wife, is a 36-room English country manor house built in the late 1920s by the H.C. Dudleys of Duluth, a family that made a fortune from mining the ore deposits on Minnesota's northern iron range.

There are porches; a gallery, containing many original pieces of art; a drawing room; a dining room that seats 24; a library, containing many first edition books; two sitting rooms on the second and third floors; and, after a bit of remodeling, 12 bedrooms and an updated kitchen.

The mansion is nestled in seven

acres of birch and pine with a large formal garden and lawns that slope down to the shore of Lake Superior. All are scrupulously cared for by a gardener who worked for the Dudleys and agreed to stay on when Dr. Walker established the nonprofit Center with the backing of the Dudleys' son James, of New York, who had wanted to find a worthy use for the property.

It's a lovely setting for strolls during the few hours of the day when seminar participants aren't busy.

Each seminar begins with a cocktail hour and dinner Monday night. Elegant meals—complete with candles and wine—are prepared by Beatrice Ojakangas, author of "Gourmet Cooking for Two."

Tuesday morning there is a general session and then the group is divided into small groups with hus-

Jolla, Calif. Dr. Walker chose a group counseling approach for his program that was conceived there. It is basically an open-ended approach—the participants choosing what they want to do and say with some direction from the Walkers in the form of materials to read, and questionnaires about feelings and relationships to fill out. And the Walkers and the facilitators, headed by Douglas Land, who is co-director of the La Jolla Program, are available for individual counseling if a couple desires it.

The reaction from those who have participated in seminars conducted so far has been overwhelming approval. Dr. Walker asks participants to send him evaluations of their experiences.

Some examples from wives:

• "For the first time, I realized the

---

"I am hopeful our shared experience will have a lasting, positive effect on . . . my life—as a man."

---

bands and wives separated. Once during the week, all the men meet in one group and all the women meet in another. Then, on Thursday, husbands and wives meet together in two small groups. A general session is held each evening, and Friday morning is reserved for discussion and evaluation. The seminar adjourns after lunch on Friday.

It is an atmosphere without the evening news or the stock market tables, and without interruptions from the corporation or from children.

Besides the Walkers, the only non-guests who participate in the seminar are two "facilitators," who join the small groups and stimulate the conversation from time to time or lead the groups into different areas of discussion.

The facilitators are members of the faculty of the La Jolla Program, which is associated with the Center for the Studies of the Person, La

importance of allowing my husband to be himself and to develop and grow in his own way even while we are working toward strong common interests."

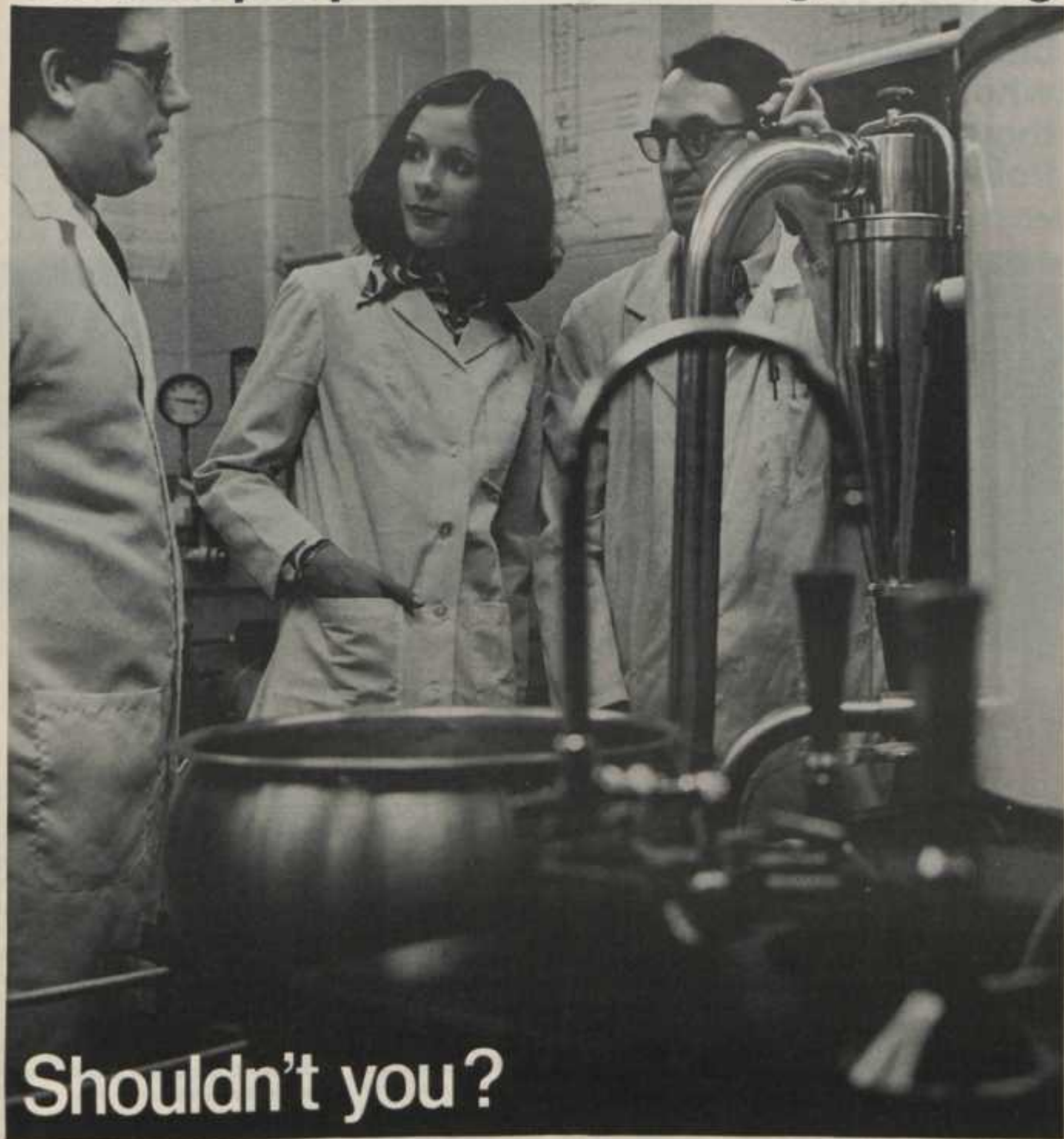
• "Working at what makes both of you feel fulfilled involves a great amount of selflessness, concern, sharing and communication. I am grateful that we learned how, and that we cared enough to try."

• "It helped for him to hear from other women, and for me to hear from other men, what we had been saying to each other for 10 years without really hearing at all. Now we talk about subjects formerly skirted around—expectations, desires and goals. We find we even can take constructive criticism without throwing up our defenses."

• "It made me think more of myself—to the point that I applied for college. After being accepted—and really thinking about it—I came to



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## Marriage and the Corporation *continued*

the conclusion that I am really happy to be home, and right now feel this is my most important job. Perhaps, when the children are older, I'll return to college or a job, but at least now I'm home because I want to be—not because I have to! In these days of Women's Lib, I was feeling guilty because I wasn't working outside the home."

And from husbands:

- "I'm hopeful our shared experience will have a lasting, positive effect on our marriage and on my life—as a man."
- "It may be difficult for companies to identify younger couples marked for heavy responsibility, but if they can, this type of program would help them avoid future problem areas in marriage."
- "I feel I am more sensitive, under-

but he offers comments made by some participants:

- "Greater awareness of others as humans, and receptivity to their interests, makes better managers."
- "One of the most rewarding things that happened to me since 'Duluth' has been two sessions with my direct subordinates and one with an indirect subordinate. I was able to better separate myself from my ego and let them shoot at me—unload their frustrations and then move on to resolution."
- "Corporations benefit most of all. There is a fine line between good and great managers and companies. This line is attitude. A good manager with a positive attitude and secure home life becomes a great manager, and the company profits. This is what you are building—positive

"For the first time, I realized the importance of allowing my husband to . . . grow in his own way. . . ."

standing and less domineering in my home relationships."

- "... The most meaningful week we've shared in all our marriage."

Dr. Walker hopes that the Execu/Wife Program, as it's called, will benefit not only the couples involved but also their corporations and that in the process it will provide information about the changes in the woman's role in marriage, how the institution of marriage itself is changing and how a corporation's demands affect the marriage relationship.

That kind of information, particularly research that is properly documented, is hard to come by right now.

Dr. Walker, frankly, is looking for support from foundations as well as hoping to get more corporations interested in sending executives to the seminars.

He admits that the value to the corporation seems a bit intangible,

attitudes and honest people (I mean people who are honest with themselves). Once a person has this he is free to make decisions. . . ."

The Millers are still in Fargo.

Every day Bing expects that David, whose current title is North Dakota Traffic Supervisor for Northwestern Bell, will come home and tell her that the company has asked him to move on to a new location and new responsibilities.

And they will go.

It still won't be a great deal easier for her. But, she says, the seminar discussions, "talking with people who had many of the same problems," were very helpful.

"The matter of communication was a problem for us," she adds. The seminar made the Millers aware of that and of ways for them to improve communication.

Bing and David Miller think the week was worthwhile.

—MARILYN BECERRA



## A VIEW OF THE CLIMATE ABROAD

# The Netherlands



*The Netherlands has copious transportation facilities. Amsterdam's Schiphol Airport was completed in 1968.*

Since World War II, Holland has changed its image from the conservative home of the wooden shoe and Gouda cheese to the industrial "Gateway to Europe"—thanks to the Marshall Plan and a concentrated effort to become a mixed-industry society, heavily based on foreign investment.

The port of Rotterdam (world's biggest in tonnage); Amsterdam's huge Schiphol Airport; and water, rail and road networks leading to the heart of Europe epitomize the country's historic role as a leader in world commerce. At the same time, less known than dikes and windmills, but just as Dutch today, are steel mills, car plants, oil refineries and gas fields. Also, "Product of the Netherlands" is as likely to appear on plastics, modern ceramics, chemical products and electronic apparatus as on Delft vases or packages of tulip bulbs.

*Prepared in cooperation with the American Chamber of Commerce in the Netherlands.*

In short, the Netherlands' economy has expanded rapidly during the past 30 years. Modern office buildings and factories, and attractive residential suburbs, are springing up in the countryside around many of the quaint villages and cities, famous for their gabled mansions and picturesque canals. The three largest industrial companies outside the United States in terms of sales—Royal Dutch/Shell, Unilever and Philips—are Dutch or Anglo-Dutch, and they rank high among all multinationals. Business throughout the country is conducted not only in Dutch but in several foreign languages, of which English is the most prevalent.

Dutch investments in the U.S., currently valued at \$2.5 billion, exceed American investments in Holland, although the Netherlands has been notably hospitable to foreign companies wishing to establish industries or service organizations. As of 1974 there were close to 800 U.S. subsidiaries in the country, and another 200 joint ventures and licensees. The at-

tractive investment climate, favorable labor situation and political stability of the past decades appear, however, in some ways to have peaked.

Rising costs, growing unemployment, a socialist-dominated government and an increased emphasis on environmental controls have combined to create an uncertain outlook for Dutch business expansion in 1975. In 1974, inflation was just over 10 per cent (below that of most European Community countries), and unemployment reached 3.5 per cent (about 145,000), construction workers being particularly vulnerable because of reduced building activity. A "Selective Investment Act," which went into effect Jan. 1, is aimed at encouraging investment in the less-developed areas away from Amsterdam, The Hague and Rotterdam, but it will also have the effect of levying extra taxes on industrial expansion in those cities.

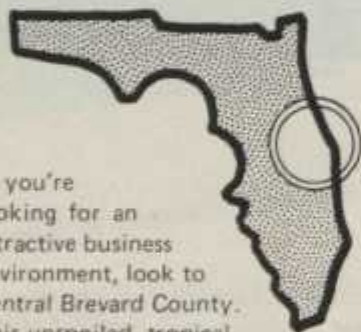
"Polarization" of union and employer groups also has contributed to the uncertainty. Major union leaders,



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## A View of the Climate Abroad *continued*

with government support, have been pushing for a leveling of all incomes. This approach has been contested by many employers, who claim declining personal initiative and an eventual brain drain might result. In late 1973, however, the threatening oil crisis led to adoption of emergency measures, under which the government received special powers over wages, nonwage incomes, rents, prices, taxes and investment. Income and taxation policies were then slanted to the benefit of the lower income groups, in line with the Labor Party philosophy of income redistribution. New measures announced at the end of 1974 would inject \$1.4 billion into the economy to spur consumer buying and combat unemployment, especially in construction.

Meanwhile, attempts are being made to dampen inflation through price controls. Under several 1974 decrees, industry, trade and services must partially absorb increases in material and labor costs—or price increases resulting from them will be postponed. A ceiling has been established on dividend payments, based on prior payment levels. Responding to an important shift in value between the guilder and the dollar during the past two years, the monetary authorities removed a guilder requirement for the purchase of Dutch securities by nonresidents. Such securities may now be acquired without regard to the availability of guilders, from other sales by nonresidents.

Despite the somewhat somber projections for 1975, the Dutch economy is in a comparatively good position. The Netherlands' share of North Sea natural gas has eased the energy crisis for the Dutch and helped their balance of payments. Moreover, close ties with the strong economy of neighboring Germany have helped make the guilder one of Europe's strongest currencies. Labor unrest in the Netherlands has been at a minimum, wages being tied to the inflation index, and the real buying power of lower-paid groups has remained constant. Wages are expected to increase about 13 per cent in 1975.

Partially due to high social insurance costs in Holland which—when combined with pension premiums, statutory vacation pay, and in many

cases a thirteenth month of pay—add as much as 50 per cent to total wages, concerned voices have been raised about the investment future. Also, there is a prospect of worker co-determination, as in Germany, and it is viewed with mixed feelings.

A recent report in the official publication of the Federation of Metal and Electrotechnical Industries warned of a trend toward withdrawal of investments from the Netherlands, by both Dutch and foreign firms. Many companies have moved to neighboring Belgium in the past year, and the FME fears Holland may be becoming noncompetitive.

On the other hand, the number of U.S. subsidiaries in Holland has been increasing. New direct American investments rose from \$363 million in 1973 to \$553 million in 1974, the petroleum industry attracting the largest share of investments, followed by the chemical and nonelectrical machinery industries.

According to a U.S. Embassy report, there are interesting export opportunities for American industries in: offshore drilling equipment, pollution control instrumentation and equipment, energy systems, durable consumer goods, commercial and industrial security equipment, transport equipment plus public transportation systems, machinery and raw materials for chemical and metallurgical industries, hand tools, electronic equipment, advanced health care equipment and instrumentation, and sports and recreational equipment. The wage inflation in the Netherlands should also keep demand strong for U.S. labor-saving devices and systems. Due to the building slump, however, demand for construction materials and systems is down.

Although the Netherlands has come a long way in resolving centuries-old social, political, economic and religious enmities, remnants of these divisions are still visible. At the same time, the inbred mercantile nature of the Dutch has made them receptive to foreign trade, languages and ideas.

The proverb, "God created the world, but the Dutch made the Netherlands," still holds true today, and foreigners still are welcome to lend a hand in the project.





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# "Bubbles" Give a Lift to Data Recorder

One reassuring thing about today's magnetic tape recorder is that if a user wants to check on whether it is functioning, he simply looks to see if the tape is moving.

Not so with a recorder being developed by the National Aeronautics

and Space Administration. But it has other advantages.

NASA is working on a solid state data recorder that has none of the moving parts which account for 70 per cent of magnetic tape recorder problems aboard spacecraft.

Technology for the recorder, say NASA officials, is based on the use of very small magnetic spots called "bubbles" that exist in specially prepared garnet chips. By applying a thin film of magnetic material in appropriate patterns over the chips, these bubbles can replace tape in a recorder.

The federal agency expects to have a recorder ready for use in space operations by 1980, to meet a need for a reliable system that can operate for up to 10 years or longer unattended.

Earliest commercial applications are likely to be in in-flight aircraft flight data recorders and as electronic control systems in mass transit systems. •

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Critical sections of highways could be kept ice-free in winter at no energy cost, in the future, thanks to Mother Earth and the principle of the heat pump.

The Federal Highway Administration has been studying the problem of highway icing, even considering use of waste material from nuclear reactors. It has concluded that the safest and most technically and economically feasible method would be to use "heat pipes" to bring the planet's natural warmth to the surface.

Envisioned are pipes extending 30 to 40 feet down. These units, which would contain a small amount of ammonia under pressure, would be sealed and spaced about six inches apart. Below-ground warmth would evaporate the ammonia, thus transferring heat upward to coils spaced through the pavement. The pavement's lower temperature would condense the gas back to a liquid state, and gravity would cause it to flow downward to complete the cycle.

While installation would be expensive, the Department of Transportation believes it could be worth the dollars and effort in such areas of a highway system as sharp curves, steep hills, speed-change lanes, ramps and some bridges. •



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# Getting Your Team in Tune

Each of us marches to a different drummer; the secret of good teamwork is blending contrasting executive styles

Do unto others as you would have others do unto you.

That's a great moral precept, but a bad theory of management.

It presumes that everyone is the same and will respond to identical treatment—being treated the way you'd like to be.

However, many of your people aren't like you. What's more, they're not even like each other. And you have to help them relate to each other by teaching them to appreciate the other man's style, strengths and motivation.

To get the best performance from your executive team, you have to orchestrate them, getting each to give his best and helping them to blend their strengths for peak performance as a group. To achieve this, you must analyze their different styles of operating.

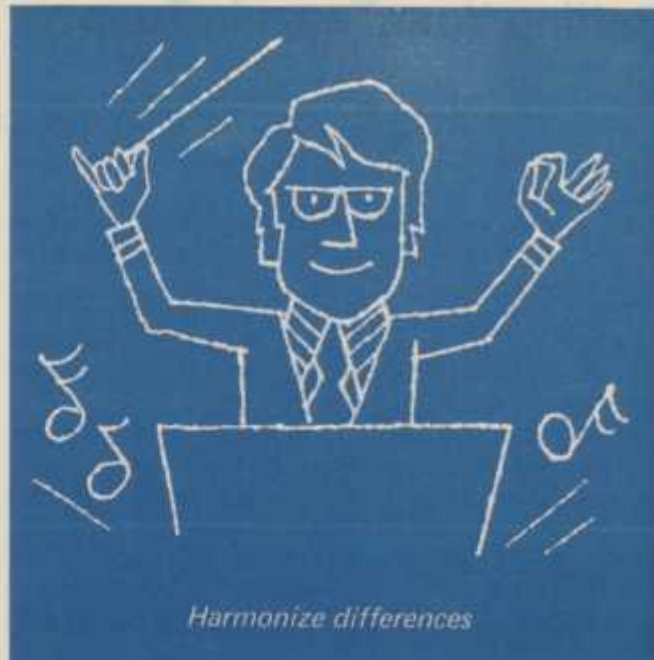
Everyone is a mixture of four basic behavior patterns, usually with one dominating. The others, less-used, come into play when the situation calls for them.

There are, however, no "good" or "bad" styles. There are only the individual ways each of us does things, and all are acceptable and can be effective in their own right.

A person whose dominant style is Supporting-Giving tends to be trusting, responsive, idealistic and loyal. He tries to do the very best he can whenever you assign him a task, and he sets high standards for himself and his people. Highly receptive to others' ideas, he cooperates and is helpful, a natural team player.

When Controlling-Taking is the major style, a person is openly aggressive and a go-getter. He acts quickly, expresses his self-confidence, is persuasive and very competitive. A take-charge person, he wants little, if any, regular supervision. He tells you what needs to be done.

STUART ATKINS and ALLAN KATCHER, co-authors of this article, are president and vice president, respectively, of Atkins-Katcher Associates, Inc., management consultants, Beverly Hills, Calif.



*Harmonize differences*

DRAWING: CHARLES A. BORN

Then there's the Conserving-Holding style of operating, in which a person is methodical and precise. Before he acts, he analyzes various ways of doing a job to find the best. He's thorough and practical, no idle dreamer, making the most of his existing resources. Often reserved and unenthusiastic, he nonetheless does a predictable, efficient job.

Finally, a person whose dominant style is Adapting-Dealing is flexible, enthusiastic and tactful. He never seems to make enemies, charming everyone. He's sensitive to what people want and feel and modifies his approach accordingly. Popularity and the spotlight are important to him, but he's open to new ideas and excites fellow-workers or subordinates to do the job at hand.

## Mix and mesh

Each style has its role to play within any operating unit, providing its own unique way of performing tasks.

You have to assess each employee's dominant and pervading style, and gear your supervision of the person with this in mind. Then, by explaining the different styles to subordinates and showing how each makes its special, valid contribution, you encourage better teamwork.

Under your guidance, your subordinates learn to appreciate one another's differences and to cash in on them by mixing and meshing their styles to achieve maximum performance overall.

So often, though, such differences are not appreciated because people exaggerate their style. They overdo a good thing, pressing a valid style across a threshold at which their key strengths become weaknesses.

Thus, the worker whose usual Controlling-Taking style is characterized by initiative and confidence can become impulsive and arrogant.

A careful, methodical and analytical person whose style is Conserving-Holding becomes plodding, nit-picking, involved in analysis-paralysis.

The person with a Supporting-Giving style can push



# Getting Your Team in Tune

*continued*

trust to gullibility and extend excellence to impracticality. With the Adapting-Dealing style, the person can exaggerate flexibility into inconsistency and turn tactfulness into overagreeableness.

Frequently, people find themselves doing too much of their good thing simply because their style gives them satisfaction.

Didn't it make them as successful as they are? So why not use more of it, even though the situation doesn't call for it? To everybody else, this excess seems unnecessary, self-serving and frustrating.

Excess can also result from stress in the working environment. Stress can occur if, for instance, objectives are vague. Let's say the goal is to improve profits, but no one ever says how much or by when. This confusion breeds tension, and employees strain their dominant style until it becomes counterproductive.

Or perhaps the deadlines are unrealistic for the employees; they really can't be met.

Another possibility: Are there fuzzy lines of authority and responsibility? If so, no one's ever sure what they're supposed to be doing and for whom.

Are there conflicting expectations? A division manager may ask his staff to be more expansive in their marketing efforts—but the financial man wants them to watch their costs.

Overload is another factor. It occurs when the amount of work and responsibility are too much for too few. It also happens when an employee or whole group are over their heads because of inexperience.

Check the work environment and its rules and regulations to see how they're affecting employees, and make appropriate adjustments where necessary and where possible.

## Pushing the right button

Next, analyze the styles of the individual workers and then influence them accordingly. This doesn't mean you have to change your own dominant style of managing, however. You don't have to become a compassionate father figure. What you have to do is find the right motivation and meaning for each person, honor it and relate to it.

Let's say you're trying to influence a person whose dominant style is Supporting-Giving. In your approach, stress worthwhile causes, appeal to his idealism and sense of excellence in asking for his help. Show personal concern for how he's doing and emphasize he has a chance to further his own development.

"Bill, I really need your help on this new project. It means a lot to the company and, frankly, to our department. We can really show everyone just how sharp this department is by doing an outstanding job. And it's great experience for you too, getting into the thick of this new project."

As he applies himself to the new task, work out the goals together with him, to show your personal involvement and interest in his performance. Be accessible for any answers or advice he needs, and give him trust and recognition.

If a person's key style is Controlling-Taking, appeal



to his competitive drive. Give him lots of responsibility and authority and the resources to achieve the goals, and let him show what he can do. Don't keep looking over his shoulder—keep out of his way.

"Charley, this new project is really tough, and every department's just sure we'll foul up. I want you to take charge of it and show them it can be done. This is completely your baby, and I'm assigning you the men you want—but I expect you to give it the 'push'. If it can be done at all, you'll do it."

Of course, those results should be carefully spelled out, so firm boundaries are set and he knows precisely what you want. But let him know you're open to his ideas and appreciate any initiative on his part. And spar with him a bit to keep him on his toes.

In the case of a person whose major style is Conserving-Holding, aim at his methodical nature. He's not a gambler, so present ideas as low risk, the sort of thing that will be ideal for his analytical skills, where he can exercise his logic and fact-oriented approach. In launching him into the new area, accent its links to existing programs, so he feels a sense of familiarity with the job.

"Ted, here's another new project for us, like that job we handled last year. I'd like you to dig into it, to get together all the data we need to make it as effective as possible and to be sure it's done right. We've been through this sort of exercise before, and you know the kind of thing we need."

In dealing with him, you must show you are objective, fair and consistent in reviewing his performance and in guiding him. He doesn't like upsets or twists and turns, so set out the details clearly and in an organized fashion. And systematically review with him how things are going.

For the person whose dominant style is Adapting-Dealing, capitalize on the project's social elements. This will be a great chance for him to do things with others, and to be in the spotlight. He prizes his social skills, emphasizes the need for adaptability.

"There's a project I need you to handle. The top





brass are interested in this one, and anyone involved is going to look like a winner when they bring it off. But the other departments are touchy about it. Their ideas have to be incorporated into the final plan. They can't feel we're imposing our plans on them. We've got to be flexible."

Be informative and give him helpful feedback on how things are going. But keep the relationship friendly, relaxed and informal, and his role central.

Obviously, you don't need a special new project to motivate your employees to attack their jobs with renewed vigor. The same guidelines and options easily can be applied to ongoing work. People want more understanding from their boss, and you fill this need by relating to their individual styles.

### Getting it all together

Having checked out the work environment for stresses, and having established your own, personalized guidelines for motivating each employee, you should next seek a way of bolstering the employees' interrelationship.

Individually and then at group meetings, discuss the four style patterns and how they interact. Help each person to analyze his own style. Most people will readily recognize themselves in one of the patterns. Then, especially at the group meetings, show how the styles interrelate and supplement each other to create teamwork.

Stress the fact that there are no good or bad styles. Once this is understood, the emotional aspect of misunderstandings among your staff is defused. Charley comes to realize, for instance, that Ted isn't a nit-picking nitwit. His dominant style is Conserving-Holding, and such abilities make their own particular contribution to the overall success of the department.

If each person understands his own dominant style and those of the people about him, he's halfway toward accommodating his behavior with the others' and blending his styles with theirs.

Perhaps the mixing and meshing of styles can be

aided by shifting department assignments. The man who hates planning and detail work but loves action could be given a troubleshooter's assignment. Maybe the person who thrives on procedural work should keep the departmental records.

Indeed, perhaps you, as the boss, don't enjoy the whole coaching side of your responsibilities. Find a staffer whose major style is Supporting-Giving, make him your assistant, and he can supplement you in dealing with the development of others.

Similarly, use operating styles as a criterion when assigning employees to project teams. Thus, the man who is aggressive but sometimes rubs people the wrong way might be matched with a person whose dominant style is Adapting-Dealing.

Or the personable guy who is great at getting along with customers but isn't so hot at organizing his efforts could be teamed with someone whose major style is Conserving-Holding.

Above all, you have to keep in mind that this isn't a one-shot exercise. You should set up periodic meetings at which the basic agenda is to review how all your styles are meshing to achieve departmental objectives, and to see what adjustments are needed.

That doesn't mean aimless mutual analysis and name-calling, but goal-oriented reviews. Start with any problems that have arisen.

Have deadlines been met? Are defects down the way you'd all planned? What causes stress factors? Can we overcome it or do we have to learn to live with it?

Begin with the work content this way, and, as problems are discussed, gradually shade over into the stylistic aspects of the issues.

Some people object to the idea of discussing their associates' styles because they feel this entails playing amateur psychologist, as though this were some form of group therapy. But the fact is that we all do play amateur psychologist, analyzing why fellow workers and bosses do things.

What's really needed is to get this out in the open, with a mutually agreed-upon set of terms—those four style patterns—so everyone can benefit from shared insights. As long as it's understood that there are no good or bad styles, that each makes his special contribution, everyone should be able to view the subject objectively.

Therapy isn't needed because no one is being blamed, and all approaches are valued.

It's essentially a matter of you and the others coming to appreciate more deeply the fact that everyone behaves differently and that there are predictable guidelines for dealing with those differences. They all contribute to achieving the goal of making the beautiful music of peak performance.

END

REPRINTS of "Getting Your Team in Tune" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20062. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order.



## BUSINESS: A LOOK AHEAD

BY GROVER HEIMAN  
Associate Editor

### Job Safety Help for Small Business

Businesses in the 25 states that don't have federally approved job safety and health plans will be able to get on-site job safety and health consultations without penalty under a new Labor Department program.

Top priority will go to small firms, which can't afford full-time safety experts.

States that operate their own job safety and health programs under plans approved by the Department's Occupational Safety and Health Administration are already authorized to provide OSHA-financed consultative services to small businessmen.

Such consultation is a safeguard for a businessman who is liable to be visited by an OSHA inspector and automatically cited for a law violation the inspector finds or thinks he finds—even though the offense, if any, is unwitting.

Now, states without the OSHA-approved

plans may contract with OSHA for funds to provide the same services in their states, using state personnel. Some funds are available currently, and more are being requested from Congress.

Each consultation will consist of an opening conference with the employer, a walk-through of the company facility, a closing conference and a written summary of findings. No citations will be issued, or penalties proposed, for any alleged violations.

According to OSHA, the consultation agreements will contain provisions for immediate abatement of imminent danger situations and for protecting confidentiality of trade secrets.

States must ensure a clear separation between consultative and enforcement staffs, and consultants' files may not be used to trigger an OSHA inspection.

### Treasury Competes for Retirement Funds

The Treasury has moved actively into an investment market created by a provision in pension reform legislation enacted last year.

This is the one that allows an individual working for a company which is unable to finance a pension plan to set aside, tax-free, 15 per cent of his gross income—up to \$1,500 annually—for retirement.

Similar to the existing Keogh-type plans for the self-employed, the new plans must meet certain criteria. Investment in the Treasury's new Individual Retirement Bonds is one option.

The bonds, in \$50, \$100 and \$500 denominations, are available from any Federal

Reserve bank or branch, or direct from the Treasury. They will yield 6 per cent, compounded semi-annually.

A bond matures when the owner reaches 70½ years of age, and the income used to buy it becomes taxable then, along with the interest. Interest, together with principal, will be paid on redemption.

The bond may be redeemed without penalty after the buyer reaches age 59½, and the penalty may be avoided before then if the redemption is for the purpose of changing investments. During the first year of ownership the bond may be redeemed without penalty, but no interest will be paid.

### Soaring Crime: an Open Sore

If 1974 is an indicator, businessmen can look for a record loss to crime in 1975.

The Commerce Department estimates the cost of crimes against business totaled \$20 billion last year, up from \$15.7 billion in 1971 (and \$18.3 billion in 1973). This staggering figure is equal to about 17 per cent of total corporate profit for the year.

Retailers lost some \$5.8 billion, up 21 per cent from 1971. Wholesalers' losses are

estimated to have risen 50 per cent since 1971 to \$2.1 billion.

Rising unemployment and deflated incomes due to inflation are factors that experts say could make this year's crime rate grow at an even higher rate—to the point where losses by business to crime easily top \$21 billion, or more than \$100 annually for every man, woman and child in the nation.



## Fair Trade Laws May Be on the Way Out

Accorded a better than even chance of enactment by the 94th Congress is a bill that would wipe out the legal basis for resale price maintenance laws, commonly known as fair trade laws.

Introduced by Sen. Edward Brooke (R-Mass.), the bill (S.408) would no longer allow a manufacturer to enter into any agreement with a retailer to set the minimum price at which a product may be sold.

Repealed would be the Miller-Tydings Act of 1937, which granted state fair trade laws

exemption from the Sherman Antitrust Act, and the McGuire Act of 1952, which granted them exemption from the Federal Trade Commission Act.

Thirteen states have laws with nonsigner provisions, which permit a manufacturer to sign a single fair trade agreement with one retailer and then enforce it against all other retailers in the state, even though they are not parties to the contract. Twenty-three other states have fair trade laws without nonsigner provisions.

## Foreign Investment Study Moves into Another Phase

The other half of a massive study of foreign investment in the U.S. is under way at the Commerce Department.

Business enterprises in which foreigners hold more than 10 per cent of the voting securities (or an equivalent interest, in the case of an unincorporated enterprise) must file a report for 1974 by April 30.

Those with less than 10 per cent foreign ownership are supposed to have already reported to the Treasury. Both parts of the study are mandated by the Foreign Investment Study Act of 1974 [see this column in last month's issue].

The Commerce Department's Bureau of Economic Analysis wants information on investments and other transactions involving U.S. enterprises and foreign "parents," and those involving the U.S. firms and foreign affiliates of "parents." It also wants details on merchandise trade with all foreigners; and on employment, revenues, operating assets and land owned.

The foreign ownership that Commerce has its eye on is not necessarily by a corporation, individual or partnership. It can also be by various types of organizations, including trusts, or by an estate.

## A Better Bill of Health for the SST

Don't expect a mad U.S. scramble to jump back into the race to build a supersonic transport, despite a recent government report lessening fear of pollution by this type of aircraft in the stratosphere.

The report from the Department of Transportation concludes that the currently envisioned fleet of 16 Anglo-French and 14 Soviet SST's won't harm the atmosphere by altering the ozone balance as environmental alarmists have predicted. However, the report's authors suggest that if more SST's are put into operation than are presently

planned the situation be carefully watched.

Environmentalists are expected to challenge the report. But if they do, it will be something like tilting at windmills, because of the energy situation. The high cost of fuel seems to dictate that airlines will seek new aircraft for the 1980s that capitalize on lighter composite materials and supercritical-wing technology. These craft could cruise near the speed of sound without any increase in fuel consumption, or, for more economy, fly at today's speeds and use at least 15 per cent less fuel.

## More Americans Are Staying Home; More Foreigners Are Not

Sobering news of a \$3.07 billion U.S. foreign trade deficit for 1974 is somewhat tempered by the fact that the deficit from travel was less than in 1973. The trend will probably continue in 1975.

The 1974 travel deficit is estimated at \$2.95 billion, down from \$3.1 billion the year before.

Slightly fewer than 24 million Americans ventured abroad in 1974, a 4 per cent decrease. At the same time the number of travelers to the U.S. from abroad, including Canada and Mexico, rose 1 per cent, to 14 million. The Japanese are leading the pack of overseas visitors, as they have for some time.

For the second year in a row, the amount spent by international visitors increased, while the amount spent by Americans traveling abroad decreased. U.S. receipts from foreign visitors were up 19 per cent to \$4.75 billion. Expenditures by Americans on overseas jaunts are estimated to have increased 9 per cent, for a total of \$7.7 billion.

Experts expect a further drop in travel abroad by Americans this year and a greater inflow from other countries such as West Germany, which enjoyed a \$22 billion trade surplus in 1974. However, West German travel to the U.S. was down 11 per cent last year, while Japanese visits increased 17 per cent.



## EDITORIAL

### Let's Be Honest

We are all concerned about our country's economic problems, but we should also try to keep them in perspective.

Sure, 8 per cent unemployment is bad. But that means 92 per cent of those wanting to work have jobs. And unemployment of family breadwinners is much smaller than the overall rate.

Autos and other goods are beginning to move again. The stock market is up.

So, let's cut out the panic talk and be honest about the facts. We don't have a depression, and we don't need the remedies of the 1930s to cure the problems of 1975.



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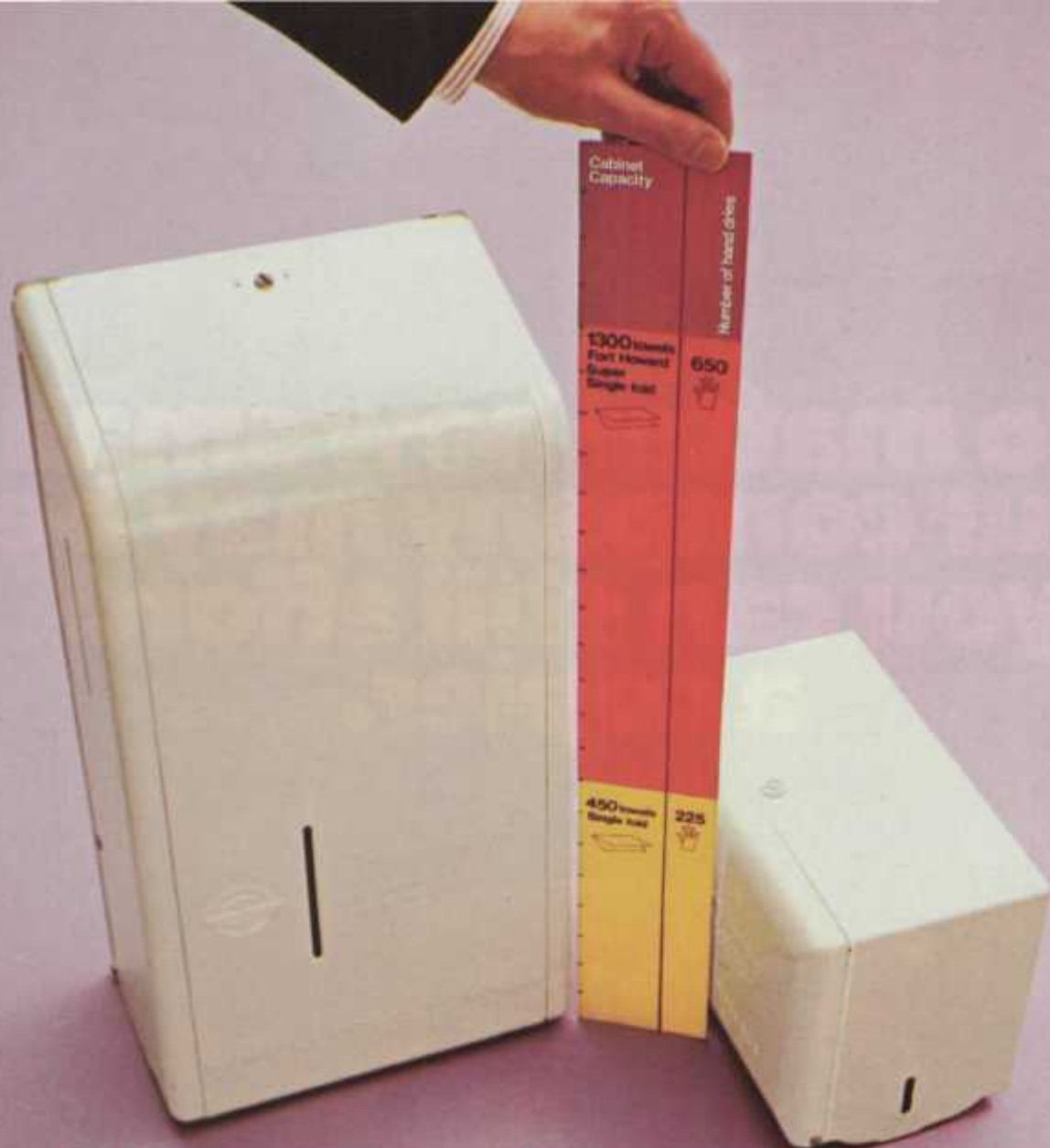
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